



**City of Miami Beach, Florida**

# **AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2017**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2017

CITY OF MIAMI BEACH, FLORIDA



**City of Miami Beach, Florida**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2017**

**Jimmy L. Morales**  
City Manager

**John Woodruff**  
Chief Financial Officer

Report prepared by: Finance Department

Cover picture  
Miami Beach, Florida  
<http://www.miamibeachfl.gov/>



**City of Miami Beach, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2017**

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# MIAMI BEACH

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# **INTRODUCTORY SECTION**



**City of Miami Beach**, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

March 30, 2018

Honorable Mayor and Members of the City Commission:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Miami Beach, Florida (the "City"), for the fiscal year ended September 30, 2017.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, fiduciary activities, and discretely presented component units of the City. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the City have been included.

Management of the City is responsible for establishing and maintaining an effective internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that complete and accurate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statutes require an annual audit by independent certified public accountants and for the City Commission to appoint an audit committee to make the selection of the independent auditor. Crowe Horwath LLP was selected by the audit committee and then approved by the City Commission. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the City's basic financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 as amended, the State of Florida Single Audit Act in accordance with the Uniform Guidance and Florida Rules of the Auditor General, Section 10.550. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with applicable laws and regulations and federal, state, and county programs. This internal control structure is subject to periodic evaluation by management and the Internal Audit Department of the City. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## **Profile of the Government**

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected Mayor and six Commissioners. The City operates under a Commission-Manager form of government. The term for the Mayor is two years, with a lifetime term limit of three two-year terms. The term for the Commissioners is four years, with a lifetime term limit of two four-year terms. The Commission is responsible, among other things, for passing ordinances, adopting the budget, approval of property tax levies, authorizing and approving debt secured by the full faith and credit of the City or any of its revenue streams, appointing committees, and hiring the City's manager, clerk, and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments with the consent of the City Commission.

The accompanying financial statements present the City and its component units, entities that the City is considered financially responsible. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The City provides a full range of services. These services include police and fire protection, recreational activities, cultural events, sanitation services, water, sewer and storm water services, public transportation, neighborhood and community services, and the construction and maintenance of streets and infrastructure. This report includes activities of the Miami Beach Visitor and Convention Authority, Miami Beach Employee's Retirement Plan, the City Pension Fund for Firefighters and Police Officers, Firemen's and Policemen's Relief and Pension Funds, Other Post-Employment Benefits (OPEB) Trust, the Miami Beach Health Facilities Authority, and the Miami Beach Redevelopment Agency (the "Agency").

The annual budget serves as the foundation for the City's financial planning and control. Prior to the first public hearing required by state law, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means for funding them. After Commission review and two public hearings, the budget is adopted. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or a department budgets and transfers between departments require Commission approval. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budgets. Budget-to-actual comparisons are provided in the required supplementary information section of this report for the general fund, the resort tax special revenue fund, and the Miami Beach Redevelopment Agency special revenue fund. Funds and grants that have multi-year project budgets are not presented in the statements.

## **Local Economy**

The City of Miami Beach is located on a seven mile barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. Miami Beach is often parceled out by three main districts: South Beach, Mid Beach, and North Beach. Each of these regions has a distinct culture and identity catering to both residents and tourists. Overall, the City is recognized globally as a distinctive cultural destination, a tropical paradise for both tourists and residents alike, and home to some of the most celebrated special events in the country.

The population of Miami Beach for 2017 was 91,917, with a household median income of \$49,018. The City's labor force consists of 55,000 individuals; the primary industries are food preparation and serving (20.3%), sales (13.64%), and office and administrative services (12.75%). The unemployment rate of 2017 was 4.0% in comparison to Miami-Dade County which was 4.6%. The City's tourism and hospitality industry provides a foundation for revenue generated through room nights and resort tax, while the Miami Beach Convention Center (currently in final stages of renovation), plays host to major conferences and shows from around the world. The City's tourism increased by 4.9% in 2017, and hotel occupancy and RevPar (revenue per available room notes) has been exhibiting steady growth.

In recent years, the City has diversified beyond its traditional tourism based economy to become a leading multi-industry business center to include arts and entertainment, health care, cultural programming, and professional services industries. The City hosted world renowned events and convenings this year including the 65th Annual U.S. Conference of Mayors, International Tennis Federation Seniors Championship, Major League Baseball's Fanfest, and Yachts Miami Beach Show. In 2017, the world's most prestigious art fair, Art Basel, based in

Switzerland, celebrated the 16th anniversary of its Miami Beach exhibition, with attendance and sales increasing year over year.

Miami Beach is also beginning to see an increase in the growth of an entrepreneurial and tech community. Currently the City is home to two WeWork locations -- one is South of Fifth and the other on Lincoln Road. Many of the members represent the industries of real estate, hospitality and creative makers. Additionally, Venture City, a global investment and technology accelerator, launched its second location in Miami Beach at 1111 Lincoln Road in 2017.

Miami Beach contains some of the country's most sought after real estate. Lincoln Road ranks as Florida's most expensive retail leasing location and fifth nationally. The City's lifeblood hospitality industry features the world's most recognizable hotels, from innovative new development like the Faena district to the historic architecture along Ocean Drive. Miami Beach also contains some of the nation's most expensive residential zip codes, continually supported by strong international investment.

## **Convention Center Renovation**

The Miami Beach Convention Center (the "Center"), originally built in 1957, is undergoing a \$515 million renovation and expansion. Once completed the Center will set a high standard of excellence and redefine meeting and entertainment solutions when hosting large-scale business, trade, civic, and cultural events. The City's professional design team, consisting of nationally recognized Fentress Architects, the local design firm of Arquitectonica, and international landscape architects West 8, have designed a Center that will position itself among the top globally significant convention centers in the world.

The new 1.4 million square foot, LEED certified facility will include a state-of-the-art 60,000 square foot grand ballroom, additional meeting rooms with flexible arrangements, a 20,000 square foot glass rooftop junior ballroom, advanced technology, and new versatile indoor/outdoor public spaces. For added convenience, 800 parking spaces located across from the Center will be relocated within the footprint of the building thus allowing the 5.8 acre parking lot to be converted into a public park surrounded by canopy trees, a flexible lawn area, a food pavilion, and a public plaza to honor the City's veterans. The park has potential to become the new civic "heart" of Miami Beach. The transformation will enable the Center to keep up with the demands of the competitive national and international convention community, while new outdoor public spaces will create improved walkability, connecting the Center and the City's adjacent historical cultural district and resorts. The project commenced in December, 2015 and is scheduled to be substantially complete by August, 2018.

## **Resiliency**

The City of Miami Beach continues to be a leader in resilience. The City was selected by the Rockefeller Foundation to join 100 Resilient Cities in 2016, with a Resilience Strategy targeted to be released in early 2019. The City was selected within a unique partnership with Miami-Dade County and the City of Miami, known collectively as Greater Miami and the Beaches. Though this award, 100 Resilient Cities provides expert consultant support to develop a Resilience Strategy. The City is also leveraging access to \$200 million value of resilience solutions through 100 Resilient Cities partner services.

Urban resilience is the capacity of individuals, communities, institutions, businesses and systems within a city to survive, adapt and grown, no matter what kinds chronic stresses and acute shocks they experience. One of the City's top resilience stresses is sea level rise, and the City has made a commitment to invest in aging infrastructure, adapt to sea level rise, and use the best available science to do so. This includes elevating roads, upgrading its gravity-based stormwater infrastructure with tidal control valves, pump stations, pipes, and other innovative structures to improve drainage. The City has also updated the land development regulations to incorporate climate adaptation and resilience, such increasing sea wall height, increasing base flood elevation, establishing freeboard above FEMA base flood elevation, requiring sea level rise and resiliency review criteria for Land Use Boards, introducing additional commercial height standards, and increasing set-backs and open space for single family homes. Our natural resources, including the coral reef tract and the beach and our mature sand dune system protect the eastern side of our island from wave energy and storm surge events. The Resilience Strategy will define our top implementable actions to increase our resilience today and for years to come.

## Budgeting

Although the development of our budget this year has been challenging, through rigorous review and good leadership, the Adopted Work Plan and Budget for fiscal year ended September 30, 2017 was balanced and enables the City to continue delivering outstanding, enhanced services to our residents, businesses and visitors, and continuing structural enhancements to ensure the long-term sustainability of the City.

**Adopted tax rates:** The millage rate is the tax per dollar of assessed value of property. The rate is expressed in “mills”, where one mill is one-tenth of a cent (\$0.001). The City Commission adopted a total combined millage rate for the City of 5.888 mills. The total adopted operating millage is 5.7092 mills, including a general operating millage rate of 5.6857 mills and a general fund capital renewal and replacement rate of 0.0235 mills. The adopted voted debt service millage rate is decreased from 0.2031 to 0.1796, a decrease of 0.0235 mills. The adopted combined millage rate reflects the sixth consecutive year the millage rate has been reduced.

**Property Values and Ad Valorem Taxes:** On July 1, 2016, the City received the “2016 Certification of Taxable Value” from the Property Appraiser’s Office stating that the taxable value for the City of Miami Beach is \$34.7 billion, including \$1.16 billion in new construction. The preliminary 2016 value represents an increase of \$3.9 billion or 13.0 percent more than the July 1, 2015, Certification of Taxable Value of \$30.7 billion.

**Determining the Voted Debt Service Millage Levy:** The general obligation debt service payment for fiscal year 2017 was approximately \$5.9 million. Based on the July 1, 2016 Certified Taxable Value from the Property Appraiser, these bonds would require the levy of a voted debt service millage of 0.1796 mills. This represents a decrease of 0.0235 mills.

**Efficiencies and Reductions:** As with the preparation of budgets for the last nine years, departments continued to analyze and present their budgets from two perspectives: 1) reviewing for potential efficiencies, reorganizations to reduce cost, etc., without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. As part of the fiscal year 2017 budget adopted in September 2016, the Finance & Citywide Projects Committee requested that departments submit lists of potential reductions and efficiencies totaling 5 percent of their 2016 budgets. At the July 6<sup>th</sup> meeting, the Finance & Citywide Projects Committee accepted \$1.1 million of the recommended reductions and efficiencies.

## Debt Administration

The general obligation debt rating of the City remained at Aa2 with Moody’s and AA+ with Standard and Poor’s. Under current state statutes, general obligation bonded debt issued by the City is subject to a legal limitation based on 15% of total assessed value of real and personal property. In fiscal year 2017, the City obtained a bank loan in the amount of \$19.7 million to refund the outstanding taxable special obligation refunding bonds, Series 2005. This refinancing provided the City with a net present value savings of \$1.5 million over five years.

Subsequent to September 30, 2017, on December 14, 2017, the City issued at par value \$115.2 million of Water and Sewer Revenue Bonds secured by the net revenues of the City’s combined water and sewer system. The Series 2017 Bonds are being used for the purpose of providing funds to finance the cost of certain capital improvements as part of the City’s multi-year program to upgrade the facilities and enhance the effectiveness and reliability of the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000 Bonds, prepayment of all outstanding Series 2006B-2 Bonds, and prepayment of all the outstanding Series 2006E Bonds. The bonds are rated Aa3 by Moody’s and AA- by Standard and Poor’s. The Bonds have an all-inclusive true interest cost of 3.75% for 30 year fixed rate debt. The advance refunding generated \$7.2 million in savings, with average annual savings of \$550,000 in 2018 – 2030. The refinancing also restructured the debt to provide more overall level debt service, which reduces the impact of the additional debt service for capital improvements to ratepayers.

On December 22, 2017 the City issued at par value \$156.6 million of Stormwater Revenue Bonds secured by the net revenues of the City’s stormwater system. The Series 2017 Bonds are being used for the purpose of providing funds to finance a portion of the costs of certain capital improvements as part of the City’s multi-year program to improve and enhance the effectiveness and reliability of the Stormwater Utility as well as provide for the advance



refunding and defeasance for a portion of the outstanding 2011A Bonds and 2011B Bonds. The City will provide for the refunded bonds to be redeemed on September 1, 2021 at a redemption price equal to the principal amount of the refunded bonds, without premium. The bonds are rated Aa3 by Moody's and AA- by Standard and Poor's. The Bonds have an all-inclusive true interest cost of 3.81% for 30 year fixed rate debt. The advance refunding generated \$5.5 million in savings, with average annual savings of \$230,000 in 2018 – 2041.

Further information regarding outstanding debt, debt capacity, and debt ratios, is located in the Statistical Section.

## **Awards and Acknowledgements**

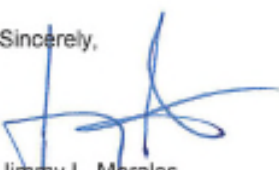
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the thirtieth (30) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of the comprehensive annual financial report was made possible by the dedicated work and tireless efforts of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Commission, preparation of this report would not have been possible.

Sincerely,  
  
Jimmy L. Morales  
City Manager

  
John Woodruff  
Chief Financial Officer



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Miami Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

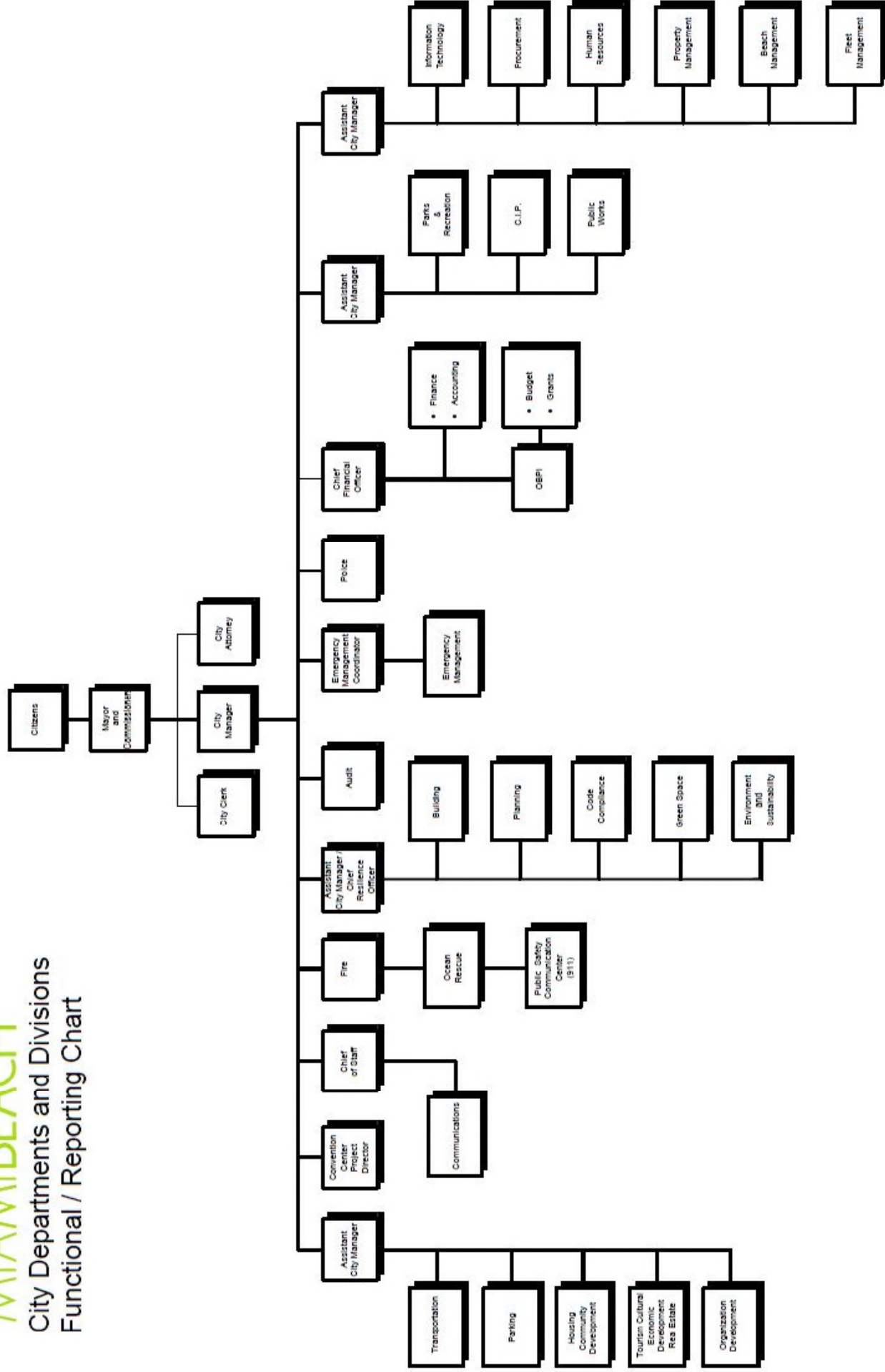
**September 30, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# MIAMI BEACH

## City Departments and Divisions Functional / Reporting Chart





**CITY OF MIAMI BEACH, FLORIDA**  
**List of Elected Officials and Administration**

**City Commission**

Dan Gelber, Mayor

John Elizabeth Alemán, Commissioner  
Ricky Arriola, Commissioner  
Michael Góngora, Commissioner  
Kristen Rosen Gonzalez, Commissioner  
Mark Samuelian, Commissioner  
Micky Steinberg, Commissioner

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**Administration**

Jimmy L Morales, City Manager

John Woodruff, Chief Financial Officer

Kathie G. Brooks, Assistant City Manager  
Eric Carpenter, Assistant City Manager  
Mark Taxis, Assistant City Manager  
Susy Torriente, Assistant City Manager

# **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Commission  
City of Miami Beach, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Miami Beach Florida Employees' Retirement Plan and the City Pension Fund for Firefighters and Police Officers, which represent 34 percent, 36 percent, and 29 percent; and 48 percent, 50 percent, and 34 percent, respectively, of the assets, net position, and revenues of the financial statements of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Miami Beach Florida Employees' Retirement Plan and the City Pension Fund for Firefighters and Police Officers, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City Pension Fund for Firefighters and Police Officers were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1D to the financial statements, in June 2015 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* as they relate to other postemployment benefit plans other than pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of other postemployment benefit plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 74 enhances note disclosures and RSI for postemployment benefit plans. Statement 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary information on pages 12 through 25 and 106 through 114, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Crowe Horwath LLP

Miami, Florida  
March 30, 2018



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2017. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2017 by \$1.1 billion (net position). Of this amount, \$1.2 billion was net investment in capital assets. Additionally, \$331.6 million was restricted by laws, agreements, or debt covenants. The City has a negative unrestricted net position of \$333.8 million.
- During fiscal year 2017, the City's net position decreased by \$30.1 million. Of this amount, there was a \$6.9 million increase in governmental activities and a decrease of \$37.1 million in business-type activities. For the governmental activities, revenues from charges for services increased by \$0.6 million or 0.6%, operating grants and contributions increased by \$0.4 million or 2.5%, capital grants and contributions decreased \$0.9 million or 46.6% and general revenues increased by \$27.1 million or 8.9%, while expenses increased by \$44.2 million or 11.0%. For the business-type activities, charges for services increased \$4.6 million or 2.5%, while expenses increased by \$20.5 million or 13.0% over the prior year.
- Overall the City's assets and deferred outflows decreased from \$3.0 billion to \$2.9 billion. Major changes occurring in this area were; \$153.4 million decrease in restricted cash and investments due to capital outlays relating to construction costs, \$87.3 million decrease in unrestricted cash, \$240.0 million in additions to capital assets and \$21.3 million decrease in deferred outflows of resources mainly due to a changes in the City's GASB 68 pension liabilities in the current fiscal year.
- The City's overall liabilities and deferred inflows remained constant at about \$1.8 billion. Major changes occurring in this area were; \$48.8 million decrease in bonds payable due to the normal debt repayments. Also, there was a decrease of \$12.3 million and an increase of \$6.8 million in the City's MBERP and MBF&P pension liabilities, respectively.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during each fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused vacation leave).

Both the statement of net position and the statement of activities of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the City include general government, public safety, physical environment, transportation, economic development, human services, and culture and recreation. The business-type activities of the City include storm water, water, sewer, parking, convention center, sanitation, and Miami Beach Redevelopment Agency's parking and leasing operations.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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The government-wide financial statements include not only the City itself, but also a legally separate Visitor and Convention Authority and a legally separate Health Facilities Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-27 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds.**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, resort tax special revenue fund, Miami Beach Redevelopment Agency special revenue fund, and capital projects fund which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, its resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for all of the above funds to demonstrate compliance with the fund's budget. The City also adopts a multi-year capital budget which is not included in this report, but can be found at the City's website.

The governmental funds financial statements can be found on pages 28-31 of this report.

#### **Proprietary Funds.**

The City maintains seven different types of enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm water utilities, water and sewer utilities, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing. The City maintains 6 internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, property management, central services, risk management self-insurance, health self-insurance and communications operations. Since these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements separate information for the storm water utilities, water and sewer, parking, and convention center complex, which are considered to be major funds of the City. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements within the supplemental information section of this report.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements within supplemental information section of this report.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

### **Fiduciary Funds.**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The fiduciary funds include the four Pension Trust Funds, one OPEB Trust Fund and one general agency fund.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-105 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplemental information can be found on pages 106-115 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 116 - 133 of this report.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

## Government-wide Financial Analysis

The table below summarizes the statement of net position:

### CITY OF MIAMI BEACH Net Position (in thousands)

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 900,445	\$ 714,773	\$ 369,096	\$ 323,300	\$ 1,269,541	\$ 1,038,073
Capital assets	767,660	1,009,450	761,253	759,458	1,528,913	1,768,908
Total assets	<u>1,668,105</u>	<u>1,724,223</u>	<u>1,130,349</u>	<u>1,082,758</u>	<u>2,798,454</u>	<u>2,806,981</u>
Deferred outflows	142,644	124,703	16,602	13,248	159,246	137,951
Total deferred outflows	<u>142,644</u>	<u>124,703</u>	<u>16,602</u>	<u>13,248</u>	<u>159,246</u>	<u>137,951</u>
Long-term liabilities						
outstanding	1,194,507	1,180,114	433,664	419,532	1,628,171	1,599,646
Other liabilities	98,012	142,302	51,857	51,753	149,869	194,055
Total liabilities	<u>1,292,519</u>	<u>1,322,416</u>	<u>485,521</u>	<u>471,285</u>	<u>1,778,040</u>	<u>1,793,701</u>
Deferred inflows		1,343	675	1,047	675	2,390
Total deferred inflows		<u>1,343</u>	<u>675</u>	<u>1,047</u>	<u>675</u>	<u>2,390</u>
Net position:						
Net investment in capital assets	558,538	712,552	474,092	438,447	1,032,630	1,150,999
Restricted	191,638	196,074	159,759	135,521	351,397	331,595
Unrestricted	(231,946)	(383,459)	26,904	49,706	(205,042)	(333,753)
Total net position	<u>\$ 518,230</u>	<u>\$ 525,167</u>	<u>\$ 660,755</u>	<u>\$ 623,674</u>	<u>\$ 1,178,985</u>	<u>\$ 1,148,841</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$1.1 billion at September 30, 2017, a decrease of \$30.1 million or 2.6% from the prior year.

The largest portion of the City's net position, \$1.2 billion or 100.2%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$331.6 million or 28.9% represents resources that are subject to external restrictions on how they may be used. This includes but is not limited to grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees, Interlocal agreements, and debt service requirements. The remaining balance of net position is negative and represents unrestricted net position. Unrestricted net position is a negative \$333.8 million, consists of negative \$383.5 million from governmental activities and positive \$49.7 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, the majority of these balances are committed or assigned at the fund level by the City Commission.

At the end of the current fiscal year, the City as a whole is able to report a positive net position. The same situation held true for the prior fiscal year. The City's net position decreased by \$30.1 million, or 2.6%, during the current fiscal year. Governmental activities accounted for an increase of \$6.9 million and business type activities accounted for a decrease of \$37.1.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**

**CITY OF MIAMI BEACH**  
**Changes in Net Position - Governmental Activities**  
**for the fiscal year ended September 30, 2017**  
(in thousands)

	<u>2016</u>	<u>2017</u>	<u>% of Total Rev/Exp/Other</u>
Revenues:			
Program revenues:			
Charges for services	\$ 99,729	\$ 100,283	22.3%
Operating grants and contributions	17,240	17,672	3.9
Capital grants and contributions	1,914	1,023	0.2
General revenues:			
Taxes:			
Property taxes, levied for general purposes	140,684	161,290	35.9
Property taxes, levied for debt services	6,821	5,917	1.3
Resort tax	82,633	81,910	18.2
Tax increments	44,975	51,843	11.5
Utility	12,309	12,583	2.8
Local business tax	4,963	5,029	1.1
Communication Service Tax	4,099	3,746	0.8
Miscellaneous	2,163	2,038	0.5
Unrestricted investment earnings	4,415	5,786	1.3
Total revenues	<u>421,945</u>	<u>449,120</u>	<u>100.0</u>
Expenses:			
General government	52,619	66,173	14.9%
Public safety	220,110	246,568	55.5
Physical environment	5,548	7,053	1.6
Transportation	18,121	24,833	5.6
Economic environment	6,535	6,670	1.5
Human services	3,333	3,248	0.7
Culture and recreation	63,386	64,873	14.6
Interest on long-term debt	30,627	25,018	5.6
Total expenses	<u>400,279</u>	<u>444,436</u>	<u>100.0</u>
Changes in net position before transfers and gain on sale of capital assets	21,666	4,684	
Gain on Sale of Capital Assets	410	14	0.6%
Unrealized loss on investments			
Extraordinary item	(1,858)	769	34.1
Transfers	10,067	1,470	65.2
Total of Other Revenues	<u>8,619</u>	<u>2,253</u>	<u>100.0</u>
Net Revenue/(Expense)	30,285	6,937	
Net position - beginning, as restated	487,945	518,230	
Net position - ending	<u>\$ 518,230</u>	<u>\$ 525,167</u>	

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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### **Governmental activities.**

Governmental activities increased by \$6.9 million. Key elements of the fluctuation are as follows:

Governmental activities revenues consisted of program revenues which amounted to \$119.0 million and general revenues which amounted to \$330.1 million, for a total of \$449.1 million. Property tax revenue for general purposes which represents 35.9% of total revenues was \$161.3 million. This is an increase of \$20.6 million or 14.6% from the prior year.

Property taxes are levied by the City based on the Miami-Dade County property appraisers determined property values in the City. The Miami-Dade County Property Appraiser determined that certified taxable property values in the City increased from \$30.7 billion in 2016 to \$34.7 billion in 2017, an increase of \$4.0 billion. The City's operating millage rate for 2017 remained the same as the prior year rate of 5.7092.

Charges for services which represent 22.3% of total revenues were \$100.3 million. This amount is an increase of \$0.5 million or 0.6% over the prior year. These charges at the government wide statement level are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues.

Tax increment revenue which represents 11.5% of the revenues was \$51.8 million. This amount is an increase of \$6.9 million or 15.3% from the prior year. Tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the "County") multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations. Fluctuations in tax increment revenue are based on real estate property values City wide.

Resort tax which represents 18.2% of revenues was \$81.9 million which is a decrease of \$0.7 million or 0.9% from the prior year. Resort tax is a 4% tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house and 2% on the total sales price of all food and beverage (included beer and wine sold at retail in any restaurant). Fluctuations in resort tax revenues are based on the fluctuations in the sales of the above items and vary from one year to another based on the economy. Fiscal year 2017 resort tax revenue was impacted by the mandatory evacuation order issued for Hurricane Irma and the after effects of the storm.

Intergovernmental revenues totaled \$18.7 million during fiscal year 2017. Intergovernmental revenue decreased by \$0.5 million or 2.4% from the prior year. These revenues are derived from federal and state grantors for various City initiatives, such as community development or state housing initiatives, impact fees, special assessments, other tax sources, and capital project grants.

Governmental activities expense consisted of functional expenses for the City's general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation and interest on long-term debt. These functional expenses amounted to \$444.4 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions.

General government function expense was \$66.2 million and represents 14.9% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city manager's office, city clerk's office, human resources office and other special projects. Total general government expenditures increased by \$13.6 million or 25.8% from the prior year. The increase in expenditures is primarily related to capital expenditures, salary increases, and OPEB.

Public safety function expense was \$246.6 million and represents 55.5% of total expenses. The City's public safety function includes the personnel and operations for police, fire, ocean rescue, building operations, emergency 911 services and other. In addition, grant funded expenses for police, fire and other public safety activities are reported under this category. Total public safety expenses increased by \$26.5 million or 12.0% from the prior year. The increases in public safety expenditures are primarily related to increases in salaries and pension expenses.

Culture and recreation function expense was \$64.9 million and represents 14.6% of total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities, the City's parks and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$1.5 million or



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

2.3% from the prior year. The increase is primarily due to increased contract maintenance costs for activities such as security, environmental, and landscaping services.

The table below summarized the changes in net position for the City's business type activities.

<b>CITY OF MIAMI BEACH</b> <b>Changes in Net Position</b> <b>Business-type Activities</b> <b>for the fiscal year ended September 30, 2017</b> (in thousands)			
	2016	2017	% of Total Rev or Exp
Revenues:			
Program revenues:			
Charges for services	\$ 181,229	\$ 185,838	87.8%
Operating grants and contributions	7,741	2,916	1.4
Capital Grants and Contributions	38,982	10,038	4.7
General revenues:			
Tax increments	3,671	11,425	5.4
Unrestricted investment earnings	1,662	1,482	0.7
Total revenues	<u>233,285</u>	<u>211,699</u>	<u>100.0</u>
Expenses:			
Storm water	9,508	13,375	7.5%
Water	30,317	29,814	16.7
Sewer	38,583	44,613	25.0
Parking	43,015	46,635	26.1
Convention Center	14,496	18,256	10.2
Sanitation	17,228	20,573	11.5
Redevelopment Agency's Parking	4,263	4,625	2.6
Redevelopment Agency's Leasing	503	520	0.3
Total expenses	<u>157,913</u>	<u>178,411</u>	<u>100.0</u>
Increase in net position before transfers and gain on sale of capital assets and investments	75,372	33,288	
Gain on sale of capital assets	411	2	
Unrealized loss on investments			
Special item		(68,901)	
Transfers	(10,067)	(1,470)	
Increase in net position	65,716	(37,081)	
Net position - beginning, as restated.	595,039	660,755	
Net position - ending	<u>\$ 660,755</u>	<u>\$ 623,674</u>	

### Business-type activities

Business-type activities decreased the City's net position by \$37.1 million, thereby accounting for 123.0% of the net decrease of the City's net position.

Key elements of the net decrease are as follows:

- The Storm Water Utility fund had a change in net position of \$27.1 million. Operating revenues increased by \$7.1 million or 32.9% and operating expenses increased by \$3.0 million or 40.9% from the prior year. The monthly storm water rate includes fees to cover debt service on \$181.3 million of outstanding storm water revenue bonds and \$156.6 million of storm water revenue bonds issued subsequent to September 30, 2017 that will be used to fund capital projects to combat the effects of sea-level rise. Net non-operating revenues were \$8.8 million, and

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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consisted of \$11.4 million in tax increments, \$3.0 million in interest and fiscal charges and \$430,656 in interest income. The Storm Water rates increased to \$22.67 per Equivalent Residential Unit (ERU). On October 18, 2017, the City passed an ordinance to adjust the Stormwater rate by the Consumer Price Index (CPI) published by the Bureau of Labor Statistics for All Urban Consumers, Miami-Fort Lauderdale area. The first CPI increase of 2.8% will increase the rate for Fiscal Year 2018.

- The Water and Sewer fund had a change in net position of \$10.9 million. Operating revenues increased by \$4.1 million or 5.0% and operating expenses increased by \$6.3 million or 9.6% from the prior year. Net non-operating expenses were \$2.0 million and consisted of \$2.1 million in interest and fiscal charges and \$93,447 in interest income. During fiscal year 2017, the City changed its water billing rates to include a consumption rate and a flat base facility charge based on the meter size. The monthly water and sewer rate increases include fees to cover debt service on \$99.5 million of outstanding water and sewer revenue bonds and \$115.2 million water and sewer bonds issued subsequent to September 30, 2017. The consumption rates on residential units vary from \$0.283 to \$0.697 based on the units of consumption. A unit is equivalent to 1,000 gallons. Base facility charges for a residential unit vary from \$7.82 for a ¾ inch meter size to \$11.80 for a 4 inch meter. For commercial and multi-family, the base facility charge ranges from \$7.82 for a ¾ inch meter to \$1,269.69 for a 12 inch meter. Additionally, there is a consumption charge for the water that varies on the meter size from \$0.351 per unit to \$0.553 per unit. Sewer rates are also based on water consumption with a flat base facility charge. The sewer consumption rate is \$0.90 per 1,000 gallons of water usage and a base facility charge of \$8.45 for residential units. The commercial and multi-family base facility charges varies from \$8.45 for a ¾ inch meter to \$1,495.75 for a 12 inch meter.
- The Parking System fund had a change in net position of \$1.7 million. Operating revenues decreased by \$4.2 million or 8.2% and operating expenses increased by \$1.0 million or 2.5% from the prior year. Sales were impacted by the mandatory evacuation order issued for Hurricane Irma on September 7th and the City continued offering free parking until September 18<sup>th</sup>. Net non-operating revenues were \$201,280 and consisted of \$3.5 million in interest and fiscal charges, \$1,552 in gain on disposal of capital asset and \$738,736 in interest income. Also included in this amount is \$2.9 million in intergovernmental revenues for the City's share in parking ticket revenue from Miami-Dade County. Intergovernmental revenue decreased by \$325,210 or 10.0% from the prior year. During fiscal year 2017, the Parking System hourly rates for metered parking in the South Beach parking zone remained at \$4.00. The South Beach parking zone is enforced between the hours of 9 am to 3 am. Metered parking hourly rates in the west middle and north areas decreased from \$2.00 to \$1.00. The east middle zone hourly rates for metered parking are \$1.00. These zones are enforced between the hours of 8 am to 6 pm.
- The Convention Center fund had a change in net position of \$75.1 million. Operating revenues decreased by \$3.2 million or 54.2% and operating expenses increased by \$3.5 million or 24.3% from the prior year. Net non-operating expenses were \$10.0 million consisting of \$48,828 in interest income and \$10.0 million in intergovernmental revenue. Intergovernmental revenues decreased by \$33.4 million or 77.0% from the prior year due to decreased funding from Miami-Dade County. The Convention Center's largest operating expenses were depreciation expense on capital assets, contractual services, and personal services costs. The Convention Center has been under construction since December 2015. During this time, the old structures have been demolished resulting in the significant loss on disposals in the current year. The \$68.9 million loss on dispositions has been recorded as a special item due to the infrequency of this type of project. The Convention Center has maintained half of the building operational for events. The facility will be fully open for the first 4-hall event which is scheduled for September 23, 2018.
- Other Enterprise funds, which include the Sanitation, Miami Beach Redevelopment Agency's (RDA) Parking and Leasing funds, had an increase in net position of \$1.6 million. The Parking funds accounts for the Anchor garage and Penn garage. The Leasing funds accounts for the Anchor Shoppe and Penn Shoppe. In the combined funds, operating revenues decreased by \$2.8 million or 11.0% and operating expenses increased by \$3.5 million or 15.8% from the prior year. Net non-operating revenues were \$175,881 and consisted of \$568 in gain on disposal of capital assets and \$175,313 in interest income.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

<b>Governmental Funds</b> (in thousands)						
	General	Resort Tax	Miami Beach Redevel- opment Agency	Capital Projects	Other Govern- mental Funds	Total Govern- mental Funds
Fund balances						
Sep. 30, 2016	\$ 61,885	\$ 27,197	\$ 39,238	\$ 524,304	\$ 125,885	\$ 778,509
Revenues	272,265	82,167	52,274	5,448	28,847	441,001
Expenditures	(298,201)	(17,607)	(15,787)	(249,095)	(99,704)	(680,394)
Other financing sources (uses)	34,472	(69,088)	(5,994)	1,213	45,890	6,493
Extraordinary item	769					769
Fund balances						
Sept. 30, 2017	\$ 71,190	\$ 22,669	\$ 69,731	\$ 281,871	\$ 100,918	\$ 546,379

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's general fund is required to adopt an annual budget prepared on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Surpluses from any prior fiscal years cannot be appropriated in future fiscal years.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$71.2 million. This consisted of \$11.4 million restricted for building department operations, \$59.2 million for emergencies and purchase commitments, and \$0.5 million assigned for the future budget.

The general fund's net increase in fund balance for the fiscal year was \$9.3 million. Overall revenues had a net increase of \$19.2 million or 7.6% over the prior year. Ad-valorem tax, which is 59.1% of the general fund revenue collected (excluding transfers), increased by \$20.3 million or 14.4%. There were also increases in permitting revenue of \$1.3 million or 5.5% over the prior year. Expenditures in the general fund increased by \$17.3 million or 6.1%, primarily in the public safety function, which account for 67.9% of general fund expenditures.

The resort tax fund accounts for the collection of special tax levied city-wide on food, beverage and room rents used to support tourist related activities. At the end of the current fiscal year, fund balance of the resort tax fund was \$22.7 million. Resort tax collected during the year was \$81.9 million, a decrease of \$0.7 million or 1.0% from the prior fiscal year. Net other financing uses, which was \$69.1 million decreased by \$19.0 million or 37.7% and expenditures increased by \$11.8 million or 40.2%. The resort tax fund balance decreased by \$4.5 million or 16.6% from the prior fiscal year and represents 128.8% of total resort tax fund expenditures for the fiscal year.

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. Tax increments collected during the year was \$51.8 million, which is an increase of \$7.7 million or 17.4%, and net other financing uses decreased by \$13.0 million or 68.4% and expenditures increased by \$1.4 million or 9.8%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund increased by \$30.5 million or 77.7% from the prior fiscal year and represents 441.7% of total Agency fund expenditures for the current fiscal year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt, tax increments and intergovernmental revenues. Intergovernmental revenues were \$0.9 million. Intergovernmental revenues decreased \$398,985 or 28.7% from the prior fiscal year. Net other financing sources during the year totaled \$1.2 million. Net other financing sources increased by \$503.3 million or 99.8% from the prior fiscal year. The decrease in net other financing sources is primarily due to no bonds being issued during the current fiscal year (as was done in the prior year). The capital projects fund balance decreased by \$242.4 million or 46.2% from the prior fiscal year and represents 113.2% of total capital project fund expenditures for the current fiscal year.

The other governmental funds consist of the City's debt service funds and other special revenue funds, which accounts primarily for grants and current debt service. Ad Valorem tax collected for debt service was \$5.9 million which was approximately the same as the prior year. Intergovernmental revenue, which was \$3.3 million, decreased by \$2.2 million or 39.9%. Net other financing sources, which totaled \$45.9 million, decreased by \$17.0 million or 27.1%. The decrease in net other finances sources is primarily due to no bonds being issued during the current fiscal year (as was done in the prior year). Expenditures in the fund increased by \$27.2 million or 37.4%. The increase in expenditures is due to increased capital expenditures and increased debt service requirements. The fund balance decreased by \$25.0 million or 19.8% from the prior year and represents 102.5% of the other governmental funds total expenditures for the current fiscal year.

### **Proprietary funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total decrease in net position for all enterprise funds was \$34.0 million. In addition to the factors noted in the discussion of the City's business-type activities, the liability relating to the provisions of GASB 68 increased \$3.4 million or 7.2% among all enterprise funds. This is due to a slight decrease in the actuarial determined net pension liability. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

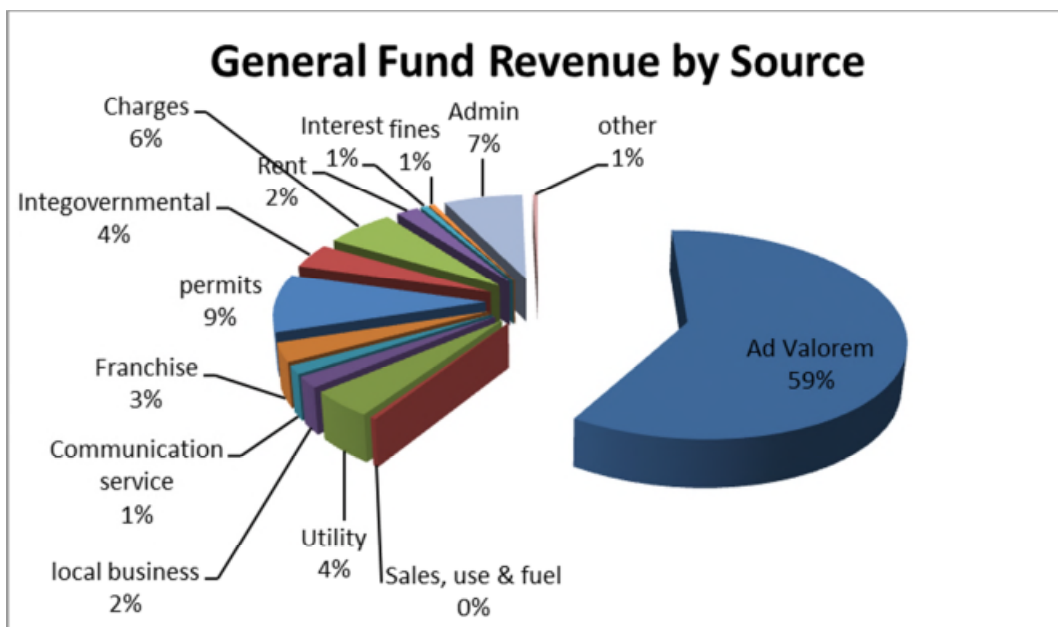
The following information is presented to assist the reader in comparing the original budget (adopted budget), and the final amended budget (amended budget), and reflects how actual results compare to these budgeted amounts. The amended budget can be modified subsequent to the end of the fiscal year. Detailed budget information can be found in the RSI section of this document. During the year, there was a \$2.9 million negative variance between final budget revenues and actual revenues. This variance resulted from the City appropriating \$1.8 million of revenue as a carry forward from unused dollars from prior years, to help balance the fiscal year 2017 budget, and a \$1.0 million variance relating to administrative fee revenue versus budgeted. While this carryover of \$1.8 million is appropriated as revenue and increases the final budget of the City for budgetary purposes, it does not represent actual revenue of the City from a financial point of view, resulting in a difference between budget and actual. There were also an \$11.4 million positive variance between the final budget expenditures and actual expenditures resulting in expenditures being under budget.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### General Fund Revenues for the fiscal year ended September 30, 2017 (in thousands)

	Original Adopted Budget	Final Amended Budget	Actual	% of Actual Revenue over Total Revenue
<b>Taxes:</b>				
Property	\$ 160,779	\$ 160,779	\$ 160,956	50.7%
Sales, use, fuel	1,026	1,026	1,095	0.3
Utility	11,499	11,499	11,896	3.8
Local business	5,045	5,045	5,029	1.6
Communication Service	3,763	3,763	3,746	1.2
Total tax revenues	182,112	182,112	182,722	57.6
<b>Other than taxes:</b>				
Franchise	8,470	8,470	8,323	2.6
Permits	23,031	23,031	25,467	8.0
Intergovernmental	11,189	11,189	10,817	3.4
Charges for services	17,834	17,834	16,572	5.2
Rents and leases	5,985	6,061	5,333	1.7
Interest income	2,500	2,500	1,703	0.5
Fines and forfeits	1,773	1,773	1,438	0.5
Administrative fees	19,715	19,715	18,722	5.9
Other	634	634	1,168	0.4
Other financing sources	44,009	44,379	44,387	14.0
Extraordinary Item			769	0.2
Fund balance		1,825		0.0
Total other than taxes	135,140	137,411	134,699	42.4
Total revenues	\$ 317,252	\$ 319,523	\$ 317,421	100.0



# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

## General Fund Expenditures for the fiscal year ended September 30, 2017 (in thousands)

	Original Adopted Budget	Final Amended Budget	Actual	% of Actual Expense over Total Expense
General government	\$ 52,926	\$ 51,375	\$ 45,908	14.5%
Public Safety	201,754	205,180	202,536	63.8
Physical Environment	3,261	3,522	3,521	1.1
Transportation	4,442	4,432	4,344	1.4
Economic environment	1,456	1,456	1,385	0.4
Human Services	2,093	2,093	1,963	0.6
Culture and recreation	40,154	39,552	37,584	11.8
Capital outlay	1,087	1,818	796	0.3
Debt service	1,314	1,381	164	0.1
Other financing uses	8,765	8,714	9,915	3.2
Fund Balance			9,305	2.9
Total expenditure	<u>\$ 317,252</u>	<u>\$ 319,523</u>	<u>\$ 317,421</u>	100.0

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2017 amounts to \$1.8 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, air rights and parks, which are detailed as follows (net of accumulated depreciation):

#### Capital Assets (in thousands)

	Governmental		Business-Type		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 58,758	\$ 58,759	\$ 25,835	\$ 25,835	\$ 84,593	\$ 84,594
Intangible assets	4,182	4,182	4,318	4,318	8,500	8,500
Construction						
work-in-progress	272,893	509,915	316,016	343,195	588,909	853,110
Building & Structure	75,473	72,922	179,233	114,876	254,706	187,798
Permanent						
improvements	248,678	255,677	10,698	11,381	259,376	267,058
Furniture, Fixtures						
& Equipment	25,780	24,970	49,683	44,798	75,463	69,768
Infrastructure	81,896	83,025	175,470	215,055	257,366	298,080
Total	<u>\$ 767,660</u>	<u>\$ 1,009,450</u>	<u>\$ 761,253</u>	<u>\$ 759,458</u>	<u>\$ 1,528,913</u>	<u>\$ 1,768,908</u>



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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The City has developed various capital improvement programs to improve the quality of life of its residents. Major projects include citywide water, wastewater and storm water improvements, streetscape enhancements and improvements to parks, beaches, and fire stations. Major capital asset events in progress during the current fiscal year included the following:

- Completed construction of Allison Park - The first fully accessible and all-inclusive playground with ADA beach access.
- Completed construction of Flamingo Park Restrooms Facility - Construction of new restrooms and office facility at Flamingo Park.
- Completed construction of Muss Park Pavilion - Demolition of the existing pavilion and the construction of a new pavilion. The new pavilion has 4,000 square foot single-story building with an operable exterior enclosure, allowing the pavilion to function both as an open-air and an air conditioned space. The pavilion includes two multi-user, handicapped-accessible restrooms, a storage room, a warming kitchen (sink, refrigerator and cabinets but no cooking equipment), a reception area, drinking fountains and a mechanical room.
- Completed construction of Española Way Pedestrian Conversion between Washington and Drexel - Reconstruction of the current pavement to pavers or colored concrete, replacement of existing watermain and related appurtenances, drainage improvements and rehabilitation of existing sanitary sewer main, laterals and manholes. The work also includes new decorative LED pedestrian street lights.
- Completed construction of South Pointe Park – Water Feature Remediation - Construction of (4) new non-interactive water features, with related circulation and filtration equipment, landscaping, irrigation, paving, site furnishing and lighting.
- Completed construction of Crosswalks at Ocean Drive & 5<sup>th</sup> and Collins & South Point Drive - Four Crosswalks at Ocean Drive & 5<sup>th</sup> (4 legs of the intersection) and one crosswalk at the south leg of the intersection of South Pointe Drive and Collins Avenue.
- Lifeguard Stands Replacement (9 lifeguard towers) - Replacement of nine lifeguard towers located at various locations at the beach.
- Continued construction included the following:
  - Altos del Mar Park
  - Collins Park Parking Garage
  - Fairway Park (Artificial Turf Soccer Field, Drainage & Playground Replacement)
  - Flamingo Park Master Plan – Parkwide Improvements
  - Kayak Launch Docks – Crespi and 81 Street
  - Lighting – Bayshore Lower North Bay Road
  - Palm & Hibiscus Landscaping
  - Relocation of Fire Hydrants at Biscayne Beach Neighborhood
  - Seawall-Muss Park Rehabilitation
  - Seawall Reconstruction - Fleet Management
  - South Pointe Landscaping PH II
  - South Pointe Drive Median Uplighting Installation
  - Sunset Islands I & II Guardhouse
  - Surface Parking Lot P2 (1A) – Penrods at One Ocean Drive
  - Bayshore D – Sunset Islands III & IV Neighborhood Improvements
  - Biscayne Point Island Entrance Renovation
  - Central Bayshore South Neighborhood Improvements
  - Middle Beach Recreational Corridor Ph 2– Section 1
  - Palm & Hibiscus Neighborhood Improvements
  - Stormwater Pump Station at 19 Street East of Meridian
  - Venetian Islands Neighborhood Improvements
  - West Avenue – Phase II Improvements South of 14<sup>th</sup> St.
  - Beachwalk II - Phase II

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

- Middle Beach Recreational Corridor Ph 2– Section 2
- Normandy Isle Neighborhood – Phase II

Additional information on the City's capital assets can be found in [Note 6](#) to the financial statements.

### Long-term Debt

<b>Outstanding Debt</b>						
<b>General Obligation, Special Obligation, Revenue Bonds and Loans</b>						
(in thousands)						
	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
General obligation	\$ 50,120	\$ 46,380	\$	\$	\$ 50,120	\$ 46,380
Special obligation	537,710	507,870			537,710	507,870
Revenue bonds			385,600	374,335	385,600	374,335
Loans	8,551	25,843	502	276	9,053	26,119
Other debt	11,002	10,122			11,002	10,122
<b>Total</b>	<b>\$ 607,383</b>	<b>\$ 590,215</b>	<b>\$ 386,102</b>	<b>\$ 374,611</b>	<b>\$ 993,485</b>	<b>\$ 964,826</b>

At the end of the current fiscal year the City had total bonded debt, loans and other long-term debt of \$964.8 million. Governmental activities had a net debt decrease of \$17.2 million or 2.8% while business-type activities debt decreased by \$11.5 million or 3.0%. The decreases in debt are due to the annual principal retirements during the year. Additional information on the City's long-term debt can be found in [Note 10](#) to the financial statements.

### Requests for Information

This financial report is designed to provide a general overview of the City of Miami Beach's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The City of Miami Beach, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

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**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
ASSETS				
Cash and investments	\$ 355,598,053	\$ 146,735,890	\$ 502,333,943	\$ 4,035,163
Cash with fiscal agent	250,000		250,000	
Receivables (net)	12,560,865	21,131,421	33,692,286	526,171
Due from other governments	13,781,609		13,781,609	
Prepaid expenses	1,458,424	469,878	1,928,302	
Inventories	394,521	1,689,015	2,083,536	
Restricted cash and investments	330,729,365	153,274,813	484,004,178	
Capital assets not being depreciated:				
Land	58,758,676	25,835,429	84,594,105	
Intangible assets	4,181,941	4,318,059	8,500,000	
Construction in progress	509,914,889	343,194,779	853,109,668	
Capital assets net of accumulated depreciation:				
Buildings and structures	72,922,338	114,875,928	187,798,266	
Permanent improvements	255,677,028	11,380,760	267,057,788	
Machinery and equipment	24,970,390	44,797,672	69,768,062	139,493
Infrastructure	83,025,065	215,055,013	298,080,078	
Total assets	1,724,223,164	1,082,758,657	2,806,981,821	4,700,827
DEFERRED OUTFLOWS OF RESOURCES				
GASB 68 - Employees Retirement Plan	43,721,246	12,102,571	55,823,817	166,087
GASB 68 - Police & Fire Retirement Plan	80,112,281		80,112,281	
Unamortized refunding costs	869,248	1,145,289	2,014,537	
Total deferred outflows of resources	124,702,775	13,247,860	137,950,635	166,087
LIABILITIES				
Accounts payable	53,443,152	21,496,163	74,939,315	
Retainage payable	18,741,499	7,308,058	26,049,557	
Accrued expenses	6,158,957	3,346,089	9,505,046	508,902
Accrued interest payable	3,768,848		3,768,848	
Unearned revenue	18,021,416	518,170	18,539,586	
Deposits	51,031		51,031	
Due to other governments	30,288	85,192	115,480	
Noncurrent liabilities:				
Due within one year	42,086,895	18,999,962	61,086,857	
Due in more than one year	722,644,064	375,304,753	1,097,948,817	23,088
Net Pension Liability - MBERP	159,840,307	44,227,273	204,067,580	607,226
Net Pension Liability - MBF&P	297,629,899		297,629,899	
Total liabilities	1,322,416,356	471,285,660	1,793,702,016	1,139,216
DEFERRED INFLOWS OF RESOURCES				
GASB 68 - Employees Retirement Plan	1,342,782	371,544	1,714,326	5,102
Unearned other revenues		675,000	675,000	
Total deferred inflows of resources	1,342,782	1,046,544	2,389,326	5,102
NET POSITION				
Net investment in capital assets	712,552,077	438,446,944	1,150,999,021	139,493
Restricted for:				
Debt Service	7,577,195	131,954,911	139,532,106	
Economic development	71,272,191		71,272,191	
Capital Improvement	37,119,251		37,119,251	
Convention center		2,567,397	2,567,397	
Transportation	45,566,933		45,566,933	
Building operations	11,447,181		11,447,181	
Public safety	718,275		718,275	
Human services	738		738	
Quality of life improvement	22,118,282		22,118,282	
Water and sewer system		998,791	998,791	
Culture & recreation	253,957		253,957	
Unrestricted	(383,459,279)	49,706,270	(333,753,009)	3,583,103
Total net position	\$ 525,166,801	\$ 623,674,313	\$ 1,148,841,114	\$ 3,722,596

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Business-type Activities	
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 66,172,986	\$ 81,694,256	\$ 9,130,793	\$ 24,652,063	\$ 24,652,063	\$
Public safety	246,568,234	10,165,262	776,007	(235,454,829)	(235,454,829)	
Physical environment	7,063,251			(7,053,251)	(7,053,251)	
Transportation	24,832,644	27,390	4,390,663	(20,359,329)	(20,359,329)	
Economic environment	6,669,550		1,819,159	(4,850,391)	(4,850,391)	
Human services	3,247,822		1,168,101	(2,079,721)	(2,079,721)	
Culture and recreation	64,872,655	8,396,344	387,171	(55,293,710)	(55,293,710)	
Interest on long-term debt	25,017,810			(25,017,810)	(25,017,810)	
Total governmental activities	444,434,952	100,283,252	17,671,894	(325,456,978)	(325,456,978)	
<b>Business-type activities:</b>						
Storm Water	13,375,369	28,570,734		15,195,365	15,195,365	
Water	29,813,596	34,308,346		4,494,750	4,494,750	
Sewer	44,612,955	50,534,934		5,921,979	5,921,979	
Parking	46,634,653	47,285,421	2,915,802	3,566,570	3,566,570	
Convention Center	18,255,990	2,719,642		(5,498,787)	(5,498,787)	
Sanitation	20,572,557	16,320,019		(4,252,538)	(4,252,538)	
Redevelopment Agency's						
Parking	4,624,652	4,752,412		127,760	127,760	
Redevelopment Agency's						
Leasing	520,267	1,346,548		826,281	826,281	
Total business-type activities	178,410,039	185,838,056	2,915,802	20,381,380	20,381,380	
Total primary government	\$ 622,844,991	\$ 286,121,308	\$ 20,587,696	(325,456,978)	(305,075,598)	
<b>Component units:</b>						
Visitor and Convention	\$ 2,104,766	\$	\$			(2,104,766)
Health Facilities	342					(342)
Total component units	\$ 2,105,108	\$	\$			(2,105,108)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				161,289,564	161,289,564	
Property taxes, levied for debt service				5,916,889	5,916,889	
Resort taxes				81,910,032	11,425,128	2,651,436
Tax increment				51,843,091	51,843,091	
Utility taxes				12,582,522	12,582,522	
Local business tax				5,029,398	5,029,398	
Communication service tax				3,745,968	3,745,968	
Miscellaneous				2,037,864	2,037,864	
Gain (loss) on sale of capital assets				13,699	2,120	
Unrestricted investment earnings				5,786,366	1,482,014	3,954
Special item					(68,901,366)	
Extraordinary item					769,066	
Transfers				1,469,533	(1,469,533)	
Total general revenues				332,393,992	274,932,355	2,655,390
Change in net position				6,937,014	(37,080,257)	550,282
Net position - beginning				518,229,787	660,754,570	3,172,314
Net position - ending				\$ 525,166,801	\$ 623,674,313	\$ 3,722,596

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2017**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 77,968,585	\$ 20,928,467	\$ 71,188,220	\$ 334,777,767	\$ 109,299,199	\$ 614,162,238
Receivables (net of allowance for uncollectibles)	3,994,736	4,539,315	3,384	66,872	1,044,721	9,649,028
Accrued interest	1,150,013			423,009		1,573,022
Due from other fund	1,532,002					1,532,002
Due from other governments				7,029,063	6,752,546	13,781,609
Prepays					52,500	52,500
Total assets	<u>\$ 84,645,336</u>	<u>\$ 25,467,782</u>	<u>\$ 71,191,604</u>	<u>\$ 342,296,711</u>	<u>\$ 117,148,966</u>	<u>\$ 640,750,399</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 6,975,887	\$ 873,523	\$ 1,188,218	\$ 33,833,795	\$ 5,540,675	\$ 48,412,098
Retainage payable	1,399			17,692,221	1,047,879	18,741,499
Accrued expenditures	3,430,913	1,925,261	72,749	215,649	138,820	5,783,392
Unearned revenues	3,028,082			7,083,982	7,909,352	18,021,416
Deposits					51,031	51,031
Due to other governments	18,834				11,454	30,288
Due to other fund					1,532,002	1,532,002
Environmental remediation			200,000	1,600,000		1,800,000
Total liabilities	<u>13,455,115</u>	<u>2,798,784</u>	<u>1,460,967</u>	<u>60,425,647</u>	<u>16,231,213</u>	<u>94,371,726</u>
<b>FUND BALANCES</b>						
Nonspendable					52,500	52,500
Restricted	11,447,181	22,668,998	69,730,637	266,888,386	89,018,754	459,753,956
Committed	59,243,040			22,704,809	18,895,379	100,843,228
Assigned	500,000					500,000
Unassigned				(7,722,131)	(7,048,880)	(14,771,011)
Total fund balances	<u>71,190,221</u>	<u>22,668,998</u>	<u>69,730,637</u>	<u>281,871,064</u>	<u>100,917,753</u>	<u>546,378,673</u>
Total liabilities and fund balances	<u>\$ 84,645,336</u>	<u>\$ 25,467,782</u>	<u>\$ 71,191,604</u>	<u>\$ 342,296,711</u>	<u>\$ 117,148,966</u>	<u>\$ 640,750,399</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2017**

**Total fund balances - governmental funds** \$ 546,378,673

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	58,150,156	
Intangible assets		4,181,941	
Construction in progress		509,914,889	
Building and structure		130,730,002	
Permanent improvements		392,205,304	
Machinery and equipment		25,925,999	
Infrastructure		213,898,230	
Accumulated depreciation		<u>(343,485,752)</u>	
Total capital assets			991,520,769

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(554,250,000)		
Loans payable	(30,569,744)		
Net premium on bonds	(49,038,651)		
Compensated absences	(21,269,133)		
Accrued interest payable	(3,768,848)		
OPEB	(62,501,454)		
Net pension liability - MBERP	(144,168,805)		
Net pension liability - MBF&P	<u>(297,629,899)</u>		
Total long term liabilities			(1,163,196,534)

Unavailable revenues that meet the criteria for recognition in the Statement of Activities. 1,298,915

In governmental funds, deferred outflows and inflows of resources relating to pensions and deferred refunding costs are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred refunding costs	869,248		
Deferred outflows of resources relating to ERP pension	39,432,817		
Deferred outflows of resources relating to P&F pension	80,112,281		
Deferred inflows of resources relating to ERP pension	<u>(1,211,130)</u>		
			119,203,216

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 29,961,762

**Net position of governmental activities** \$ 525,166,801

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 160,956,147	\$	\$	\$	\$ 5,916,889	\$ 166,873,036
Sales, use and fuel	1,094,290				3,696,831	4,791,121
Utility	11,895,959				686,563	12,582,522
Resort		81,910,032				81,910,032
Local business	5,029,398					5,029,398
Tax increment			51,843,091			51,843,091
Communication service	3,745,968					3,745,968
Other					2,229,983	2,229,983
Franchise fees	8,323,438					8,323,438
Permits	25,466,582				38,836	25,505,418
Intergovernmental	10,816,924			991,196	3,284,539	15,092,659
Charges for services	16,572,369				6,634,862	23,207,231
Rents and leases	5,333,140				1,594,822	6,927,962
Interest	1,702,709	24,695	430,918	3,504,551	25,748	5,688,621
Fines and forfeitures	1,437,718				997,798	2,435,516
Administrative fees	18,722,193					18,722,193
Special assessment		215,470		10,169		225,639
Impact fees					3,208,281	3,208,281
Other	1,168,403	16,646		942,322	531,522	2,658,893
Total revenues	272,265,238	82,166,843	52,274,009	5,448,238	28,846,674	441,001,002
<b>EXPENDITURES</b>						
Current:						
General government	45,908,298	1,810,589	6,061,344	149,995	854,451	54,784,677
Public safety	202,534,743	436,756	4,400,734	75,876	11,349,647	218,797,756
Physical environment	3,521,076				3,120,033	6,641,109
Transportation	4,344,472			141,912	11,489,096	15,975,480
Economic environment	1,385,021		3,250,066		1,671,878	6,306,965
Human services	1,963,109				1,218,587	3,181,696
Culture and recreation	37,583,934	14,850,220	958,234	323,242	2,007,697	55,723,327
Capital Outlay	796,117	507,976	1,117,060	248,403,511	20,053,046	270,877,710
Debt service:						
Principal retirement	53,545				19,936,548	19,990,093
Interest					27,940,540	27,940,540
Other	110,600	1,239			62,217	174,056
Total expenditures	298,200,915	17,606,780	15,787,438	249,094,536	99,703,740	680,393,409
Excess (deficiency) of revenues over (under) expenditures	(25,935,677)	64,560,063	36,486,571	(243,646,298)	(70,857,066)	(239,392,407)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt					3,034,478	3,034,478
Issuance of refunding debt					19,679,000	19,679,000
Payment to escrow agent					(19,215,000)	(19,215,000)
Sale of capital assets	8,338					8,338
Transfers in	44,378,996			2,415,978	47,124,631	93,919,605
Transfers out	(9,915,478)	(69,087,602)	(5,993,960)	(1,202,980)	(4,733,010)	(90,933,030)
Total other financing sources (uses)	34,471,856	(69,087,602)	(5,993,960)	1,212,998	45,890,099	6,493,391
<b>EXTRAORDINARY ITEM</b>						
Extraordinary item	769,066					769,066
Net change in fund balances	9,305,245	(4,527,539)	30,492,611	(242,433,300)	(24,966,967)	(232,129,950)
Fund balances - beginning of year	61,884,976	27,196,537	39,238,026	524,304,364	125,884,720	778,508,623
Fund balances - end of year	\$ 71,190,221	\$ 22,668,998	\$ 69,730,637	\$ 281,871,064	\$ 100,917,753	\$ 546,378,673

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

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**Net change in fund balance - total governmental funds** **\$ (232,129,950)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	270,877,710	
Contributions proprietary funds, net		(1,188,594)	
Deletions		(4,976,493)	
Depreciation expense		<u>(22,113,555)</u>	
Excess of capital outlay over depreciation expense			242,599,068

The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations is an expenditure in the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

In the current year, these amounts consist of:

Proceeds of debt bond issuance		(24,936,069)	
Payment to escrow for refunding debt		19,215,000	
Bonds principal retirement		19,990,093	
Amortization of unamortized refunding costs		(146,916)	
Amortization of net bond premium(s)		3,355,076	
OPEB		<u>(3,114,522)</u>	
Total long term-debt retirement and related transactions			14,362,662

Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in compensated absences		(2,623,039)	
Increase in accrued interest expense		<u>(82,884)</u>	
Total additional expense			(2,705,923)

In government funds, pension costs are recognized when employer contributions are made.

In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contribution was:

Employees Retirement Plan (ERP)		(1,355,243)	
Police & Fire Retirement Plan (P&F)		<u>(15,585,110)</u>	
			(16,940,353)

Unearned revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes.

333,417

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds.

1,418,093

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>6,937,014</u></b>
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**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2017**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 16,259,674	\$ 18,701,806	\$ 56,293,349	\$ 13,056,148	\$ 42,424,913	\$ 146,735,890	\$ 72,165,180
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant	6,096,146	11,026,115	5,617,483			22,739,744	
Accounts receivable (net of allowance for uncollectibles)	3,223,575	10,104,895	5,523,244	702,702	1,512,631	21,067,047	39,900
Accrued interest receivable	36,204	1,416	26,754			64,374	
Prepaid expenses			325,651	43,062	101,165	469,878	1,405,924
Inventories		1,689,015				1,689,015	394,521
Total current assets	25,615,599	41,523,247	67,786,481	13,801,912	44,038,709	192,765,948	74,255,525
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits and advance sales		6,735,419	472,081	1,078,540	291,872	8,577,912	
Impact fees - water and sewer		999,176				999,176	
Interlocal agreement				2,567,397		2,567,397	
Revenue bonds covenant	46,110,194	40,515,686	31,764,704			118,390,584	
Capital assets:							
Land		1,492,598	18,844,498	2,089,371	3,408,962	25,835,429	608,520
Intangible assets			4,318,059			4,318,059	
Buildings and structures	9,074,837	8,791,852	102,019,458	44,575,596	32,112,613	196,574,356	2,624,671
Parking lots			10,545,474			10,545,474	
Mains and lines	87,602,714	181,233,486				268,836,200	
Meters and hydrants		13,196,044	19,519,079			32,715,123	
Machinery and equipment	2,206,253	53,092,616	7,566,967	4,758,572	4,388,789	72,013,197	52,647,520
Construction in progress	155,911,118	81,059,848	49,442,045	56,754,632	27,136	343,194,779	
Less accumulated depreciation	(13,141,443)	(81,387,703)	(55,775,363)	(31,429,906)	(12,840,562)	(194,574,977)	(37,951,153)
Total capital assets (net of accumulated depreciation)	241,653,479	257,478,741	156,480,217	76,748,265	27,096,938	759,457,640	17,929,558
Total noncurrent assets	287,763,673	305,729,022	188,717,002	80,394,202	27,388,810	889,992,709	17,929,558
Total assets	313,379,272	347,252,269	256,503,483	94,196,114	71,427,519	1,082,758,657	92,185,083
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pensions - MBERP	1,129,895	2,762,830	4,334,760	90,053	3,785,033	12,102,571	4,288,429
Deferred refunding	484,724	239,175	421,390			1,145,289	
Total deferred outflows of resources	1,614,619	3,002,005	4,756,150	90,053	3,785,033	13,247,860	4,288,429
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	4,658,327	8,348,103	4,874,017	1,573,707	2,042,009	21,496,163	3,231,052
Retainage payable	4,103,312	1,015,618	2,185,183	3,945		7,308,058	
Accrued expenses	801,063	1,311,127	561,343	451,125	221,431	3,346,089	375,565
Due to other governments			60,589		24,603	85,192	
Bonds payable	3,380,000	6,700,000	1,670,000			11,750,000	
Loans payable	36,810	28,676	15,555		54,865	135,906	2,288,528
Deposits		5,074,024	5,890		2,680	5,082,594	
Accrued compensated absences	127,550	363,983	571,008	3,823	429,854	1,496,218	579,286
Unearned revenues			442,980		75,190	518,170	
Pending insurance claims							7,700,000
Total current liabilities	13,107,062	22,841,531	10,386,565	2,032,600	2,850,632	51,218,390	14,174,431
Noncurrent liabilities:							
Pending insurance claims							5,997,812
Insurance claims incurred but not reported							26,527,601
Deposits		1,661,395	23,211	914,158	214,002	2,812,766	
Accrued compensated absences	133,238	193,073	364,815	4,621	423,265	1,119,012	902,685
Net pension liability - MBERP	4,129,054	10,096,406	15,840,817	329,085	13,831,911	44,227,273	15,671,504
Environmental remediation liability				150,000	135,410	285,410	
Loans payable	1,840	51,960	42,320		43,840	139,960	3,106,065
Revenue bonds payable (net of unamortized discounts)	180,788,987	92,706,215	97,987,647			371,482,849	
Total noncurrent liabilities	185,053,119	104,709,049	114,258,810	1,397,864	14,648,428	420,067,270	52,205,667
Total liabilities	198,160,181	127,550,580	124,645,375	3,430,464	17,499,060	471,285,660	66,380,098
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Other unearned revenue				675,000		675,000	
Pensions - MBERP	34,687	84,818	133,075	2,765	116,199	371,544	131,652
Total deferred inflows of resources	34,687	84,818	133,075	677,765	116,199	1,046,544	131,652
<b>NET POSITION</b>							
Net investment in capital assets	84,489,677	158,561,142	91,653,572	76,744,320	26,998,233	438,446,944	12,534,965
Restricted:							
Interlocal agreement				2,567,397		2,567,397	
Water and sewer system		998,791				998,791	
Debt covenant	52,196,164	42,376,801	37,381,946			131,954,911	
Unrestricted	(19,886,818)	20,682,142	7,445,665	10,866,221	30,599,060	49,706,270	17,426,797
Total net position	\$ 116,799,023	\$ 222,618,876	\$ 136,481,183	\$ 90,177,938	\$ 57,597,293	\$ 623,674,313	\$ 29,961,762

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:							
Charges for services	\$ 28,570,734	\$ 84,596,827	\$ 44,671,979	\$ 2,619,632	\$ 14,844,985	\$ 175,304,157	\$ 80,767,846
Permits, rentals, and other		246,453	2,613,442	100,010	7,573,994	10,533,899	2,194,407
Total operating revenues	28,570,734	84,843,280	47,285,421	2,719,642	22,418,979	185,838,056	82,962,253
Operating expenses:							
Personal services	3,605,259	8,912,700	12,803,776	4,775,082	11,343,758	41,440,575	12,433,929
Operating supplies	43,015	128,674	75,945	95,321	37,440	380,395	3,539,758
Contractual services	2,224,477	48,113,295	12,474,745	5,724,532	8,313,688	76,850,737	12,158,854
Utilities	288,323	1,147,805	2,824,900	563,884	187,703	5,012,615	1,644,609
Insurance			163,362	39,552		202,914	10,921,104
Internal charges	436,128	3,014,181	3,305,338	1,623,218	1,715,523	10,094,388	1,471,941
Depreciation	2,694,089	5,011,428	5,833,405	4,746,222	1,208,319	19,493,463	4,874,058
Administrative fees	667,000	3,980,000	2,147,591	293,000	1,654,000	8,741,591	1,100,000
Claims and judgments							34,218,698
Other operating	306,434	1,553,596	3,034,457	136,494	988,230	6,019,211	357,503
Total operating expenses	10,264,725	71,861,679	42,663,519	17,997,305	25,448,661	168,235,889	82,720,454
Operating income (loss)	18,306,009	12,981,601	4,621,902	(15,277,663)	(3,029,682)	17,602,167	241,799
Nonoperating revenues							
(expenses):							
Tax increments	11,425,128					11,425,128	
Intergovernmental			2,915,802	10,037,561		12,953,363	
Interest and fiscal charges	(3,041,870)	(2,105,393)	(3,454,810)			(8,602,073)	(176,074)
Gain (loss) on disposal of capital assets			1,552		568	2,120	5,361
Interest income	430,656	93,447	738,736	48,828	175,313	1,486,980	98,413
Total nonoperating revenues							
(expenses)	8,813,914	(2,011,946)	201,280	10,086,389	175,881	17,265,518	(72,300)
Income before contributions, transfers and special item	27,119,923	10,969,655	4,823,182	(5,191,274)	(2,853,801)	34,867,685	169,499
Capital contributions							1,188,594
Transfers in	799,041	420			4,469,004	5,268,465	395,000
Transfers out	(811,420)	(27,000)	(6,474,996)	(963,625)	(38,000)	(8,315,041)	(335,000)
Special item - disposition of assets relating to the Convention Center's renovation and expansion				(68,901,366)		(68,901,366)	
Change in net position	27,107,544	10,943,075	(1,651,814)	(75,056,265)	1,577,203	(37,080,257)	1,418,093
Net position - beginning	89,691,479	211,675,801	138,132,997	165,234,203	56,020,090	660,754,570	28,543,669
Net position - ending	\$ 116,799,023	\$ 222,618,876	\$ 136,481,183	\$ 90,177,938	\$ 57,597,293	\$ 623,674,313	\$ 29,961,762

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Cash flows from operating activities:</b>							
Receipts received from customers	\$ 27,693,677	\$ 84,106,016	\$ 47,513,195	\$ 7,621,943	\$ 22,078,860	\$ 189,013,691	\$ 83,629,554
Payments to suppliers	(3,947,596)	(48,179,100)	(18,492,358)	(6,628,117)	(8,619,734)	(85,866,905)	(30,061,641)
Payments to employees	(3,237,573)	(8,733,771)	(13,235,799)	(4,768,454)	(11,225,111)	(41,200,708)	(12,193,396)
Payments for claims and judgments							(26,724,793)
Payments for interfund services used	(1,102,628)	(6,994,181)	(6,364,828)	(4,206,102)	(1,023,913)	(19,691,652)	(1,391,859)
Net cash provided by (used in) operating activities	19,405,880	20,198,964	9,420,210	(7,980,730)	1,210,102	42,254,426	13,257,865
<b>Cash flows for non-capital financing activities:</b>							
Contributions from other governments			2,915,802			2,915,802	
Transfers in	799,041	420			4,469,004	5,268,465	395,000
Transfers out	(811,420)	(27,000)	(6,474,996)	(963,625)	(38,000)	(8,315,041)	(335,000)
Net cash provided by (used in) non-capital financing activities	(12,379)	(26,580)	(3,559,194)	(963,625)	4,431,004	(130,774)	60,000
<b>Cash flows from capital and related financing activities:</b>							
Principal paid on loans	(38,152)	(53,024)	(40,695)		(94,545)	(226,416)	(2,889,202)
Interest and fiscal charges	(2,909,457)	(2,148,276)	(3,737,036)		(6)	(8,794,775)	(178,585)
Principal paid on bonds	(3,450,459)	(6,415,000)	(1,600,000)			(11,465,459)	
Contributions from other governments				10,037,561		10,037,561	
Tax Increment Receipts	11,425,128					11,425,128	
Purchase of capital assets	(43,535,573)	(14,281,444)	(25,894,100)	(4,514,275)	(324,713)	(88,550,105)	(2,871,829)
Proceeds from sale of capital assets			1,552	12,091	568	14,211	
Net cash provided by (used in) capital and related financing activities	(38,508,513)	(22,897,744)	(31,270,279)	5,535,377	(418,696)	(87,559,855)	(5,939,616)
<b>Cash flows from investing activities:</b>							
Unrealized gain (loss) on investment	22,798		17,906			40,704	
Interest on investments	443,559	92,110	722,042	48,828	175,313	1,481,852	98,413
Net cash provided by investing activities	466,357	92,110	739,948	48,828	175,313	1,522,556	98,413
<b>Net increase (decrease) in cash and investments</b>	<b>(18,648,655)</b>	<b>(2,633,250)</b>	<b>(24,669,315)</b>	<b>(3,360,150)</b>	<b>5,397,723</b>	<b>(43,913,647)</b>	<b>7,476,662</b>
Cash and investments - beginning of year	87,114,669	80,611,452	118,816,932	20,062,235	37,319,062	343,924,350	64,938,518
Cash and investments - end of year	\$ 68,466,014	\$ 77,978,202	\$ 94,147,617	\$ 16,702,085	\$ 42,716,785	\$ 300,010,703	\$ 72,415,180
<b>Classified as:</b>							
Current assets	\$ 22,355,820	\$ 29,727,921	\$ 61,910,832	\$ 13,056,148	\$ 42,424,913	\$ 169,475,634	\$ 72,415,180
Restricted assets	46,110,194	48,250,281	32,236,785	3,645,937	291,872	130,535,069	
<b>Total cash and investments</b>	<b>\$ 68,466,014</b>	<b>\$ 77,978,202</b>	<b>\$ 94,147,617</b>	<b>\$ 16,702,085</b>	<b>\$ 42,716,785</b>	<b>\$ 300,010,703</b>	<b>\$ 72,415,180</b>
<b>Non-cash transactions affecting financial position:</b>							
Change in construction and related liabilities	\$ 2,100,736	\$ (555,340)	\$ (1,795,718)	\$	\$	\$ (250,322)	\$
Change in deferred refunding costs	159,262	38,785	85,706			283,753	
Change in bond discount/premium	200,460	11,269	362,029			573,758	
<b>Total non-cash transactions affecting financial position</b>	<b>\$ 2,460,458</b>	<b>\$ (505,286)</b>	<b>\$ (1,347,983)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 607,189</b>	<b>\$ 1,188,594</b>

(continued)

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2017**  
**(continued)**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 18,306,009	\$ 12,981,601	\$ 4,621,902	\$ (15,277,663)	\$ (3,029,682)	\$ 17,602,167	\$ 241,799
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation	2,694,089	5,011,428	5,833,405	4,746,222	1,208,319	19,493,463	4,874,058
Provision for uncollectible accounts	390,212	433,542	(149,520)		(105,768)	568,466	(435)
Pension expense	324,840	183,564	(452,770)	29,621	(79,007)	6,248	94,735
Changes in assets/liabilities and deferred inflows:							
(Increase) decrease in inventories		395,588				395,588	14,370
(Increase) decrease in accounts receivable	(1,267,269)	(1,340,390)	177,606	4,771,227	(234,574)	2,106,600	667,736
(Increase) decrease in due from other funds	500	1,000	122,553		3,121,174	3,245,227	1,180,158
(Increase) decrease in prepaid expense			(281,409)	12,139	(101,165)	(370,435)	(209,655)
Increase (decrease) in accounts payable	(1,017,376)	2,394,992	238,974	(482,065)	1,096,879	2,231,404	(1,184,436)
Increase (decrease) in accrued expenses	(67,170)	(53,010)	65,390	401,465	(53,028)	293,647	(32,291)
Increase (decrease) in deposits		168,584	(30,210)	131,074	360	269,808	
Increase (decrease) in due to other governments			58,631		9,768	68,399	
Increase (decrease) in due to other funds		(17)	(1,034,452)	(2,289,884)	(775,564)	(4,099,917)	(76)
Increase (decrease) in unearned revenues			229,898		(137)	229,761	
Increase (decrease) in environmental remediation liability					(250)	(250)	
Increase in pending insurance claims							1,085,812
(Decrease) in insurance claims incurred but not reported							6,408,093
Increase (decrease) in accrued compensated absences	42,045	22,082	20,212	(22,866)	152,777	214,250	117,997
Total adjustments	1,099,871	7,217,363	4,798,308	7,296,933	4,239,784	24,652,259	13,016,066
Net cash provided by (used in) operating activities	\$ 19,405,880	\$ 20,198,964	\$ 9,420,210	\$ (7,980,730)	\$ 1,210,102	\$ 42,254,426	\$ 13,257,865

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2017**

	Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 1,183,859	\$ 21,694,336
Receivables:		
Accounts, net		80,964
Accrued interest	2,597,205	
Contributions	539,279	
Other	254,209	
Prepaid expenses	3,229,797	
Investments:		
Short-term investments	8,427,796	
U.S. Government securities	152,726,484	
Corporate bonds and notes	210,940,671	
Bond Funds	48,026,513	
Foreign Bonds and private placements	47,125,739	
Common stocks and index funds	708,648,812	
Foreign Stocks	140,984,012	
Real estate funds	107,538,052	
Infrastructure investments	41,952,966	
Mutual funds	74,093,590	
Total investments	<u>1,540,464,635</u>	
Total assets	<u>1,548,268,984</u>	<u>\$ 21,775,300</u>
<b>Liabilities</b>		
Accounts payable	344,159	\$ 278,372
Accrued expenses	57,151	
Deposits		21,496,928
Total liabilities	<u>401,310</u>	<u>\$ 21,775,300</u>
<b>Net Position</b>		
Restricted for pension and OPEB benefits	<u>\$ 1,547,867,674</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**For the Fiscal Year Ended September 30, 2017**

	Trust Funds
Additions:	
Contributions -	
Employer	\$ 75,256,322
Employee	14,069,316
State of Florida	2,229,983
Total contributions	<u>91,555,621</u>
Investment Income -	
Net increase in fair value of investments	145,946,223
Interest and dividends income	21,114,832
	<u>167,061,055</u>
Investment management expenses	(5,287,204)
Net investment income	<u>161,773,851</u>
Total additions	<u>253,329,472</u>
Deductions:	
Benefit paid	114,335,143
Contributions refunded	970,553
Administrative expenses	1,709,583
Total deductions	<u>117,015,279</u>
Net increase	<u>136,314,193</u>
Net position - amount restricted for pension and OPEB benefits - beginning of year	<u>1,411,553,481</u>
Net position - amount restricted for pension and OPEB benefits - end of year	<u><u>\$ 1,547,867,674</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Miami Beach, Florida (the "City") have been prepared in accordance with Accounting Principles Generally Accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

**A. Reporting Entity**

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected mayor and six-member commission. The City operates under a Commission-Manager form of government.

Financial accountability includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by the full faith credit of the City or its revenue stream, and responsibility for funding deficits.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable, or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units presented herein, although legally separate entities, are substantively the same as the governing body of the primary government, and management of the primary government has operational responsibility for the component unit. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units are described below.

1. Blended Component Units:

Miami Beach Redevelopment Agency

The Miami Beach Redevelopment Agency (the "Agency") was created under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The Agency's Board of Directors is the City Commission. The Agency's executive director is the City Manager. The Agency's budget is adopted by its directors, and over 50% of the Agency's operating revenue is derived from the City's tax increment contributions.

Normandy Shores Local Government Neighborhood Improvement District

The Miami Beach Normandy Shores Local Government Neighborhood Improvement District (the "NSNID") was created under Chapter 163.506, of the Florida Statutes. The NSNID's Board of Directors is the City Commission. The NSNID's revenues are derived from ad valorem taxes. The NSNID is accounted for as a blended component unit in the City's Governmental Funds financial statements under the column entitled, "Other Governmental Funds". It is also reported in the supplementary information, Non-Major Special Revenue Funds under the column "Other Special Revenue Fund".

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

2. Discretely Presented Component Units-Governmental Fund Type:

Miami Beach Health Facilities Authority

The Miami Beach Health Facilities Authority (the "Authority") was created under the Health Facilities Authorities Law, Chapter 154, Part III of the Florida Statutes. The Authority's Board is appointed by the City Commission, serves a four-year term and is subject to reappointment. The revenue of the Authority is derived from fees generated from the sale of bonds to finance health facilities within Miami Beach. The City receives all funds of the Authority in excess of operational needs of the Authority. Debt issued under the oversight of the Authority is not debt of the City or the Authority and therefore is not included in the accompanying financial statements. The Authority is accounted for as a discretely presented component unit in the City's financial statements. The Authority accounts for its financial activities using only a general fund.

Miami Beach Visitor and Convention Authority

The Miami Beach Visitor and Convention Authority (the "VCA") was created under Chapter 67-930, Section 8, of the Florida Statutes. The VCA is appointed by the City Commission to administer a portion of the collections of the municipal resort tax in order to promote tourism and convention business. The VCA is accounted for as a discretely presented component unit in the City's financial statements.

Complete financial statements for the component units may be obtained at the entity's offices:

Miami Beach Redevelopment Agency  
1700 Convention Center Drive  
Miami Beach, Florida 33139

Miami Beach Visitor and Convention Authority  
777 17<sup>th</sup> Street, Suite 402A  
Miami Beach, Florida 33139

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the government-wide Statement of Net Position, both the governmental and business-type activities columns reflect a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The governmental funds financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments necessary to reconcile the fund based



**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

financial statements to the government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for the agency fund which has no measurement focus and is reported using the accrual basis of accounting. Revenues, including charges for services are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, pensions, pollution remediation obligation and other postemployment benefits are recorded only when payment is due, or when the City has made a decision to fund those obligations with current available resources.

Property taxes, when levied for, charges for services, franchise taxes, licenses, grants and intergovernmental revenues, when all eligibility requirements are met, and interest associated with the current fiscal period, if measurable and available, have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable when the City receives the cash.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**Governmental funds** – typically are used to account for tax-supported activities. The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources that relate to the general operations of the City, except those required to be accounted for in another fund.
- The *Resort Tax Special Revenue Fund* accounts for the collection of the special tax levied city-wide on food, beverage and room rents used to support tourist related activities.
- The *Miami Beach Redevelopment Agency Special Revenue Fund* accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Pointe and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. The South Pointe District under the jurisdiction of the Agency has expired and South Pointe is now under jurisdiction of the City.
- The *Capital Projects Fund* accounts for proceeds of the City's bond sales and other revenues whose expenditure is restricted to the construction and acquisition of major capital assets.

**Proprietary funds** – are used to account for activities supported, at least in part, by fees or charges. The City reports the following major proprietary funds:

- The Storm Water Utility Fund accounts for the storm water utility operations of the City.
- The Water and Sewer Fund accounts for the water and sewer operations of the City.
- The Parking System Fund accounts for the parking operations of the City.
- The Convention Center Complex Fund accounts for the Convention Center and the Theatre of Performing Arts (TOPA) operations of the City.

**Other fund types:**

*Internal service funds* - account for services provided to other departments or agencies of the government. The internal service operations include:

- Fleet Management – accounts for the warehouse operations and the purchase and maintenance of the City's fleet of vehicles.
- Property Management – accounts for the cleaning, operating and renovations of City buildings.
- Central Services – accounts for the operation of the office supplies warehouse, central printing function and central mail facility.
- Risk Insurance – accounts for the City's Risk insurance operations, both retained and insured.
- Health Insurance – accounts for the City's Health insurance operations, both retained and insured.
- Communications – accounts for centralized telecommunications and information technology operations.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

*Fiduciary Funds* - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other Governments and other funds. The City reports the following fiduciary fund types:

- Pension trust funds include:
  - Retirement System for Miami Beach Employees',
  - Retirement System for Firefighters and Police Officers,
  - Policemen's Relief and Pension Fund,
  - Firemen's Relief and Pension Fund, and
  - Post-Employment Benefits Other Than Pensions (OPEB).
- General Agency fund – this fund accounts for general deposits held in trust until obligations are met or refunds are made.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and the General Fund as well as cost reimbursement transactions between the enterprise funds and various other functions of City government. Elimination of these charges would distort the direct costs and program revenues reported for those sectors. The following describes the four basic types of *interfund transactions* made during the year and the related accounting policies:

1. Transactions for services rendered or facilities provided are recorded as revenue in the receiving fund and expenditures, either as internal charges or administrative fees, in the disbursing fund;
2. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund;
3. Transactions which are recurring annual transfers between two or more budgetary funds are recorded as transfers in and out; and
4. Transactions recording capital contributions between funds are recorded in the proprietary funds and are net to zero in the government-wide statement of activities. The governmental funds do not record capital assets or capital transfers of assets.

Amounts reported as *program revenues* include: charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included in general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance or Equity**

*1. Cash and investments*

All cash and investments are reflected as pooled cash and investments except for amounts held by fiscal agent. Cash and investments consist of demand deposits with banks, United States Treasury Obligations, State or Municipal Obligations, Money Market Funds, and cash held at investment institutions. Investments are recorded at fair value, except for those investments with remaining maturities of one year or less at the time of purchase, which are recorded at amortized cost. For the purpose of the Statement of Cash Flows for the Proprietary Fund Types, pooled cash and investments are considered cash and cash equivalents.

The cash and investments for the retirement system are maintained in separate cash and investment accounts. The retirement system investments are held in United States Treasury Obligations, loans guaranteed by Government agencies, Mutual and Money Market Funds, General Obligation or Revenue Bonds issued by States and Municipalities, dividend paying stocks of domestic corporations, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. The retirement system's investments are recorded at fair value.

Please refer to Note 3 for more detailed information regarding the City's investments.

*2. Receivables and payables*

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, balances of interfund amounts receivable or payable have been reflected. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectible accounts. Accounts receivable in excess of 90 days that are not deemed collectible, comprise the allowance for uncollectible accounts.

Following are the significant components of the receivables due to the City at September 30, 2017:

- a. Water, Sewer and Waste Fees – This amount represents the unpaid, unbilled and billed charges for various fines and municipal services;
- b. Taxes, Franchise Fees and Rents – This amount represents Ad Valorem taxes, including delinquent taxes, communication and utility taxes, along with franchise fees and rent payments due by September 30, 2017, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2017, but not collected as of that date;
- d. Storm Water Receivable – This amount represents the unpaid, billed charges for treating water runoff from impervious areas; and
- e. Accrued Interest Receivable – This amount represents the interest earned but not collected on the City's investments at September 30, 2017.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2017 and state revenue sharing received within 45 days of year end.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

3. *Inventories and prepaids*

Material and supplies in inventory are reported as current assets of the proprietary funds and on the government – wide financial statements at cost. Governmental funds inventory is stated at cost and accounted for on the consumption basis. Fund balance includes a nonspendable amount for the amount of the inventory since inventories are not available for appropriation and expenditure.

Expenditures made for services that will benefit periods beyond September 30, 2017 are recorded as prepaid items in the government-wide financial statements. Accordingly a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. *Restricted assets*

Certain proceeds of the storm water enterprise fund revenue bonds, water and sewer enterprise fund revenue bonds, and the parking system enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Certain proceeds in the convention center complex enterprise fund are restricted as a result of an interlocal agreement between Miami-Dade County and the City to fund the cost of capital improvements to the Convention Center and the Theatre of Performing Arts (TOPA). Customer deposits are restricted for in the water and sewer fund, parking system fund, convention center fund and other non-major enterprise funds. The governmental fund types report unspent bond proceeds as restricted on the statement of net position.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost. In the case of initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. Gifts or contributions of property received are recorded at their estimated acquisition value at the time received by the City. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. During the construction phase of capital assets, interest of business-type activities is included as part of the capitalized value of the assets constructed. Interest expense capitalized is offset by interest earned on project specific unspent bond proceeds.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Property, plant, and equipment of the City, as well as the component units, is depreciated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital Assets Category	Capitalizing Threshold	Estimated Useful Life (in years)
Land	Capitalize all	Not depreciable
Intangible assets	Capitalize all	Not depreciable
Construction in progress	\$ 100,000	Not depreciable
Building and structure	100,000	50 years
Permanent improvements	100,000	Limited to useful life of bldg. not to exceed 35 years
Furniture & equipment	5,000	7 years
Motor vehicles	5,000	5 years
Motor vehicles greater than \$50,000	50,000	10 years
Maintenance and heavy moving equipment	5,000	15 years
Infrastructure	100,000	30-50 years

In the governmental funds, capital assets are recorded as expenditure and no depreciation expense is recorded.

6. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. When terminated, an employee is paid for accumulated vacation leave and a percent of unused sick leave hours, subject to certain limitations. All vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignations or retirements.

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

8. *Unearned revenue*

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the fund financial statements.

9. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- a. A deferred charge on refunding is reported in the government-wide and proprietary fund statements of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- b. Deferred outflows of resources related to the MBERP and MBF&P pension plans are recognized when the City makes contributions subsequent to the measurement date and when there are differences between expected and actual experience. Differences between expected and actual experience and changes in assumptions are deferred and amortized over the average of the expected remaining service lives of employees who are provided with benefits through the pension plans. Employer contributions made subsequent to the measurement date are deferred and recognized as a reduction of the net pension liability in the subsequent reporting year. Differences between projected and actual investment earnings are deferred and amortized over five years. The deferred outflows of resources related to pensions are only reported on the proprietary funds and the government-wide financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.

- a. Unavailable property taxes are reported only in the governmental funds balance sheet. The government-wide statement of net position reports deferred inflows as a result of receiving grants with grantor stipulations that funds received cannot be used until future periods. These amounts are capitalized and recognized as an inflow of resources in the period that the time requirements have been met and the amounts may be spent.
- b. Deferred inflows of resources related to the MBERP and MBF&P pension plans are reported when changes in the net pension liability are not included in the pension expense of the actuarially calculated net pension liability, such as differences between projected and actual investment earnings. Differences between projected and actual investment earnings are deferred and amortized over five years. The deferred inflows of resources related to pensions are only reported on the proprietary funds and the government-wide financial statements.

**10. *Net position/ fund balance***

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

On June 5, 1996, the City Commission adopted Resolution No. 96-22014 which appropriated \$10 million into a reserve for contingencies in the General Fund. This resolution called for this reserve to remain at 11% of the General Fund operating budget of the ensuing year. On February 18, 1998, the City Commission adopted Resolution No. 98-22661 which defined a public emergency for which funds could be used as well as stipulating that expenditure specifically requires a 5/7 vote rather than a majority of the Commission.

On September 21, 2006, the Commission adopted Resolution No. 2006-26341 which stated that in addition to the 11% of General Fund operating budget emergency reserve, the City shall have a goal

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

to maintain a General Fund reserve for contingencies equal to 6% of the General Fund operating budget. In combination with the 11% of emergency reserve, this represents 2 months of the General Fund operating budget expenditures. If the reserve for contingencies level falls below the 6% level, a plan of action will be required to increase the reserves over three to seven years (to at least 6%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the 6% level.

On July 22, 2014, the City's Resort Tax Reserve Fund Policy was amended to state the goal is reserve three months of total fund revenue of the 2% resort tax fund. The minimum acceptable reserve is to be two months of operating expenses or two months of total revenues. The policy was established to ensure the continuity of operations of both the Resort Tax Fund and the General Fund.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

The City reports the following fund balance classifications for the governmental fund balance:

- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission through an ordinance or resolution which are equally binding as the highest decision making authority. The Commission adopts a City resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Commission can establish, modify or rescind the commitment.
- Assigned Fund Balance – amounts that are constrained by the City Commission's or an official delegated by the governing body's (City Manager) intent to be used for specific purposes, but are neither restricted nor committed. Fund balance is primarily assigned based on the City's budgeting policy. Some amounts are approved and assigned by the City commission subsequent to September 30, 2017.
- Unassigned Fund Balance – may include residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- a. Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
- b. Restricted Net Position – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.
- c. Unrestricted Net Position – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.



**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
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11. *Restricted component of net position*

Restricted Net Position consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2017, the Government-wide statement of net position reported \$196,074,003 in governmental activities' restricted net position. Of this amount, \$193,174,927 is restricted as a result of enabling legislation.

12. *Use of estimates*

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

13. *Risk management*

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

The City established an internal service Risk Insurance Fund (the "Fund") to account for its risk financing activities. The Fund charges the operating funds insurance premiums. The accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end, including claims incurred but not yet reported. The Fund pays for all claims and judgments made against the City for accidental losses for which the City is self-insured, and the premium costs for insurance policies to protect the City's property.

14. *Employee benefit plans*

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 457 Plan and the 401(a) Plan are not included in the City's financial statements.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miami Beach Employees' Retirement System (MBERP) and Miami Beach Retirement Systems for Firefighters and Police Officers (MBF&P) and additions to and deletions from the systems' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms discussed in NOTE 16. Investments are reported at fair value.

15. *Post-employment benefits other than pensions (OPEB)*

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City has a single employer OPEB plan with benefits based on age and date of employment. The City has established

**CITY OF MIAMI BEACH, FLORIDA**  
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an irrevocable trust fund to hold the assets of the OPEB plan. OPEB liabilities reported in the statement of activities are typically liquidated from the general fund.

**16. *Health self-insurance***

Pursuant to City Code Chapter 78, Article II, Sections 78 through 81, the City provides for employees health care coverage with the cost of such coverage shared between the employee and the City. In addition, the collective bargaining agreements of the American Federation of State, County and Government Supervisors Association (GSA) all require the City to provide group health care coverage to their members. Currently the City provides its active, full time employees and retirees the opportunity to purchase group health care coverage (medical and dental). The City's group health plan excludes coverage for members of the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF). FOP members are eligible to participate in the City's dental plan. The City and the employee/ retiree contribute to the cost of this coverage, at different rates, based on the plan elected. Municipal Employees (ASFCME), the Communication Workers of America (CWA), and the plan elected.

The City established an internal service Health Insurance Fund (the "Fund") to account for Medical and Dental activities. Revenues from employee and City premiums are recorded in the Fund. The Fund pays for all claims and the premium cost of "stop loss" insurance coverage. Both medical and dental claims are administered by a third party service provider.

**17. *Recent accounting pronouncements adopted/implemented***

In June 2015, the GASB issued Statements No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective and was implemented for the City's fiscal year ended September 30, 2017. Please refer to note 17 and the Required Supplementary Information for more information relating to GASB 74.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosures". The objective of this Statement is to require disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by the government and that reduce the reporting government's tax revenues. This Statement is effective for the City's fiscal year ended September 30, 2017. Please refer to note 18 for information relating to GASB 77.

In December 2015, the GASB issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". The objective of this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for the City's fiscal year ended September 30, 2017. This statement had no effect on the City.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Continued)**

In December 2015, the GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants". The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2A7. Rule 2A7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014. The provisions of this Statement are effective for financial statements for the City's financial year ending September 30, 2016, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for financial statements for the City's financial year ending September 30, 2017. This statement had no effect on the City.

In January 2016, the GASB issued Statement No. 80, "Blending Requirements for Certain Component Units". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, "Determining Whether Certain Organizations Are Component Units". This Statement is effective for the City's fiscal year ended September 30, 2017. This statement had no effect on the City.

In March 2016, the GASB issued Statement No. 82, "Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and no. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for the City's financial year ending September 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The new disclosures were added to Note 16 and in the Required Supplementary Information.

**NOTE 2 - Stewardship, Compliance, and Accountability**

**Net Position**

At September 30, 2017, the City's HOME Investment Partnership Program Grant fund (HOME) and Risk Insurance Fund had a net negative net position of \$75,270 and \$1,303,153, respectively. The HOME fund's negative net position is primary due to unreimbursed grant expenditures. The Risk Insurance fund's negative net position is primarily relating to the increase in the actuarial determined case reserves and IBNR. For more information, please refer to Note 12.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - Deposits and Investments**

City's Pooled Portfolio Investments:

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The City's Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to its maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting exposure to fair value losses, the City's investment policy limits maturity of its investments to seven (7) years or less.

As of September 30, 2017, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
U.S. Government Agencies	\$ 169,483,524	\$ 65,879,300	\$ 103,604,224
U.S. Government Treasuries	199,857,451	170,761,270	29,096,181
Commercial paper	6,401,949		6,401,949
Corporate bonds	34,706,407	10,527,113	24,179,294
Israeli Bonds	8,000,000	6,000,000	2,000,000
Money Market Trust	231,121	231,121	
FLCLASS Pool	249,693,272	249,693,272	
Total	\$ 668,373,724	\$ 503,092,076	\$ 165,281,648

Concentration of Credit Risk The City's investment plan limits the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The investment policy allows for a maximum of 100% of the portfolio in Time Deposits, U.S. Treasury Bills, U.S. Treasury Notes and Money Market Mutual/Trust Funds, 50% in U.S. Government Agencies and Municipal Obligations, 25% in Fixed Income Mutual Funds sponsored by the Florida League of Cities, 20% in Bankers Acceptances, Commercial Paper, Corporate Bond and Notes and Externally Managed Funds requiring specific approval by the City Commission, 15% in Mortgage Backed Securities, and 10% in Interest Rate Swaps. There were no individual investments that represent five percent or more of total investments at September 30, 2017.

Credit Risk This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization (NRSROs). It is the City's policy to limit its exposure in these investment types to the top rating issued by NRSROs. U.S. government agencies are only implicitly guaranteed by the U.S. Government. U.S. Government Treasuries explicitly guaranteed by the U. S. Government are not considered to have credit risk exposure.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Continued)**

As of September 30, 2017 the City's investments were rated by Moody's Investors Service and Standard & Poor's as follows:

Investment Type	Issuer	Standard & Poor's	Moody's	Reported Value
US Government Agencies:				
	FHLB	AA+	Aaa	\$ 56,476,435
	FNMA	AA+	Aaa	41,772,340
	FHLMC	AA+	Aaa	28,388,489
	FFCB	AA+	Aaa	42,846,260
				<u>\$ 169,483,524</u>
US Government Treasuries:				
	U. S. Government	AA+	Aaa	\$ 199,857,451
				<u>\$ 199,857,451</u>
Commercial Paper:				
	ING Funding	A-1	P-1	\$ 6,401,949
				<u>\$ 6,401,949</u>
Corporate Bonds:				
	Wells Fargo	AA-	Aa2	\$ 3,502,975
	Apple Inc.	AA+	Aa1	6,761,058
	Microsoft Corporation	AAA	Aaa	4,752,993
	Chevron Corporation	AA-	Aa2	5,009,850
	Toyota Motor Credit	AA-	Aa3	5,024,578
	Berkshire Hathaway	AA	Aa2	1,489,515
	Exxon Mobil	AA+	Aaa	2,916,588
	Wal-Mart	AA	Aa2	5,248,850
				<u>\$ 34,706,407</u>
Israeli Bonds:				
	State of Israel	A+	A1	\$ 8,000,000
				<u>\$ 8,000,000</u>
Money Market Trust:				
	U. S. Government	AA+	Aaa	\$ 133,335
	Other	N/A	N/A	97,786
				<u>\$ 231,121</u>
FLCLASS	Local Government Invt. Pool	AAAm	N/A	<u>\$ 249,693,272</u>

**Fair Value Measurement:** In February 2015, GASB issued Statement No. 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB No. 72 defines fair value as the price that would be received to sell an asset.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
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The City has the following recurring fair value measurements as of September 30, 2017:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using Level 2
U.S. Government Agencies	\$ 169,483,524	\$ 169,483,524
U.S. Government Treasuries	199,857,451	199,857,451
Commercial Paper	6,401,949	6,401,949
Corporate Bonds	34,706,407	34,706,407
State of Israel Bonds	8,000,000	8,000,000
Total Debt Securities	<u>418,449,331</u>	<u>418,449,331</u>
Total investments by fair value	418,449,331	\$ 418,449,331
Investments measured at Net Asset Value (FL CLASS)	<u>249,693,272</u>	
Total Investments	<u>\$ 668,142,603</u>	

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under F.S. 163.01. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participants, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity is 56 days as of September 30, 2017.

The City's cash and investments held at September 30, 2017 (including restricted cash and cash with paying agent) are shown below:

Schedule of cash and investments by fund:		
General	\$	77,968,585
Resort Tax		20,928,467
Redevelopment Agency		71,188,220
Capital Projects		334,777,767
Storm Water		68,466,014
Water & Sewer		77,978,202
Parking		94,147,617
Convention Center Complex		16,702,085
Internal Service		72,415,180
Agency		21,694,336
Nonmajor Governmental		109,299,199
Nonmajor Enterprise		<u>42,716,785</u>
Total cash and investments	\$	<u>1,008,282,457</u>

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the City's deposits may not be returned to it.

**Deposits** All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The security cannot be released, substituted or sold without the City's approval and release of the security.

Investments The City's investment policy requires that securities be registered in the name of the City. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

Employee Retirement Systems Investments:

The City has adopted ordinances which govern the investment of funds for all of the Employee's Retirement Systems (the System). Each Plan is allowed to invest in a wide range of instruments including but not limited to United States Treasury obligations, loans guaranteed by government agencies, Mutual and Money Market funds, Private Placement, Real Estate funds, General Obligation or Revenue Bonds issued by states and municipalities, dividend paying stocks of domestic corporations, International Equity Funds, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. Each Plan has a Board of Trustees who authorizes the investment policy.

Interest Rate Risk Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity an investment has, the greater the sensitivity of fair value changes due to its dependence on the market interest rate.

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**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2017**  
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Information about the sensitivity of fair value of the System's investments to market interest rate fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2017.

**City Pension Fund for Firefighters and Police Officers:**

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
U.S. government securities	\$ 39,911,871	\$ 3,995,800	\$	\$ 35,916,071	\$
Corporate bonds and notes	202,131,813	9,179,588	99,035,141	93,917,084	
Foreign bonds	12,943,369	4,310,082	8,633,288		
Private placement	34,009,501	42,618	1,074,009	32,402,836	490,038
Total	<u>\$ 288,996,554</u>	<u>\$ 17,528,088</u>	<u>\$ 108,742,438</u>	<u>\$ 162,235,991</u>	<u>\$ 490,038</u>

**Employees' Retirement Plan:**

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
U.S. government securities	\$ 111,021,057	\$	\$	\$	\$ 111,021,057
Bond funds	48,026,513		48,026,513		
Total	<u>\$ 159,047,570</u>	<u>\$</u>	<u>\$ 48,026,513</u>	<u>\$</u>	<u>\$ 111,021,057</u>

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**SEPTEMBER 30, 2017**  
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**Firemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More 6-10
U.S. government securities	\$ 1,268,309	\$ 758,149	\$ 2,954,930	\$ 2,351,268
Corporate bonds and notes	6,064,347		100,178	1,168,131
Total	<u>\$ 7,332,656</u>	<u>\$ 758,149</u>	<u>\$ 3,055,108</u>	<u>\$ 3,519,399</u>

**Policemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
U.S. government securities	\$ 525,247	\$ 74,918	\$ 100,188	\$ 350,141
Corporate bonds and notes	2,574,622		1,665,190	909,432
Foreign bonds/Private placements	172,869		76,508	96,361
Short-term obligations	1,156,473	1,156,474		
Total	<u>\$ 4,429,211</u>	<u>\$ 1,231,392</u>	<u>\$ 1,841,886</u>	<u>\$ 1,355,934</u>

**Credit Risk and Concentration of Credit Risk** The System's investment policy utilizes portfolio diversification in order to control credit risk. The Systems have no limit imposed on fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof. The City pension fund for firefighters and police officers limits corporate debt securities (bonds, notes, debentures at the time of purchase) to only the highest three categories of quality by any of the following listed services: Moody's, Standards and Poor's or Fitch's Manual. Any issue which is downgraded to investment grade fourth category may be held. Any issue if downgraded below investment grade by two of the three of the above mentioned ratings services must either be sold or specifically approved for retention by the Board. Commercial paper must be rated Moody's P1 or Standard and Poor's A1. Bonds issued by the State of Israel may also be purchased. The City employee's retirement system limits commercial paper to those rated only in the highest category. Other fixed income securities that are classified "Investment Grade" in the top four rating by Standard & Poor's and Moody's can also be purchased. The firefighters and police officers pension funds follow state law, which limits investments in debt securities to those with the top three ratings issued by a nationally recognized statistical rating organization. There were no individual investments that represent five percent or more of the total investments at September 30, 2017.

**Foreign Currency Risk** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international holding in a private placement trust fund. The Plan has exposure to currency fluctuations at September 30, 2017 as follows:

**CITY OF MIAMI BEACH, FLORIDA**  
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		Estimated Holdings of the City's Pension Fund for Police and Fire of the total Private Placement Fund (Valued in U.S. Dollars)
Australian Dollar	\$	6,389,751
Brazilian Real		1,313,712
British Pound Sterling		943,689
Canadian Dollar		1,925,340
Colombian Peso		1,320,503
Danish Krone		2,786,242
Euro		2,770,360
Hungarian Forint		1,066,686
Malaysian Ringgit		2,098,170
Mexican Peso		2,071,909
New Zealand Dollar		2,101,245
Norwegian Krone		2,087,791
Polish Zloty		2,078,890
Romanian Leu		433,244
Singapore Dollar		2,104,336
South African Rand		1,274,695
Thai Baht		1,242,938
Total	\$	<u>34,009,501</u>

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Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2017.

**City Pension Fund for Firefighters and Police Officers:**

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 39,911,871	13.81 %
Quality rating of credit risk debt securities		
AAA	8,658,754	3.00
AA+	1,649,635	0.57
AA	14,371,600	4.97
AA-	13,851,099	4.79
A+	31,201,087	10.80
A	50,076,578	17.33
A-	48,561,020	16.80
BBB+	71,038,801	24.58
BBB	3,126,595	1.08
BBB-	2,201,857	0.76
BB+	2,480	
BB	32,506	0.01
BB-	349	
B+	891	
B	1,124	
B-	271	
Total credit risk debt securities	<u>244,774,647</u>	<u>84.69</u>
* Not Rated	<u>4,310,036</u>	<u>1.50 %</u>
Total fixed income securities	<u>\$ 288,996,554</u>	<u>100.00 %</u>

**Miami Beach Employees' Retirement Plan:**

	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities		
AA	\$ 48,026,513	30.20 %
AA-	111,021,057	69.80
Total credit risk debt securities	<u>\$ 159,047,570</u>	<u>100.00 %</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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**Firemen's Relief and Pension Fund:**

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 1,268,309	17.31	%
Quality rating of credit risk debt securities			
Aaa	203,721	2.78	
Aa1	157,376	2.15	
Aa2	306,828	4.18	
Aa3	313,974	4.28	
Baa1	574,006	7.83	
A1	857,559	11.70	
A2	1,195,257	16.30	
A3	2,455,626	33.49	
Total credit risk debt securities	<u>6,064,347</u>	<u>82.71</u>	
Total fixed income securities	\$ <u>7,332,656</u>	<u>100.02</u>	%

**Policemen's Relief and Pension Fund:**

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 525,247	16.94	
Quality rating of credit risk debt securities			
AAA	103,540	3.34	
AA-	49,977	1.61	
A+	360,200	11.62	
A	591,918	19.10	
A-	876,624	28.28	
BBB+	592,363	19.11	
Total credit risk debt securities	<u>2,574,622</u>	<u>83.06</u>	
Total fixed income securities	\$ <u>3,099,869</u>	<u>100.00</u>	

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
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As of September 30, 2017 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 8,427,796
U.S. government securities	152,726,484
Corporate bonds and notes	210,940,671
Bond funds	48,026,513
Foreign bonds	47,125,739
Common stocks and index funds	708,648,812
Foreign stocks	140,984,012
Real estate funds	107,538,052
Infrastructure investments	41,952,966
Mutual funds	74,093,590
Cash	1,183,859
Total cash and investments	\$ <u>1,541,648,494</u>

Fair Value Measurement: In February 2016, GASB issued Statement No. 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB No. 72 defines fair value as the price that would be received to sell an asset. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

Investments are reported at fair value. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Fair value for stocks is determined by using the closing price listed on the national securities exchanges at September 30. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. Commercial paper, time deposits and short-term investment pools are valued at cost, which approximates fair value.

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**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

The City Pension Fund for Firefighters and Police Officers has the following recurring fair value measurements as of September 30, 2017:

	2017	Fair Value Measurements Using	
		Level 1	Level 2
Investments by fair value level			
Short-term investment funds	\$ 10,337,628	\$ 6,027,546	\$ 4,310,082
Equity securities			
Common stocks	324,225,831	324,225,831	
Total equity securities	334,563,459	330,253,377	4,310,082
Debt securities			
Government and agency obligations	23,246,330		23,246,330
Municipal/provincial obligations	5,697,250		5,697,250
Corporate bonds	221,733,391		221,733,391
Total debt securities	250,676,971		250,676,971
Total investments by fair value level	585,240,430	\$ 330,253,377	\$ 254,987,053
Investments measured at the net asset value			
Commingled domestic equity funds	146,447,456		
Real estate fund	43,665,948		
Private placement	34,009,501		
Commingled international equity funds	35,156,846		
Mutual funds	27,732,355		
Total investments measured at net asset value	287,012,106		
Total investments	\$ 872,252,536		

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**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
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Short-term investment funds: These consist primarily of money market funds, commercial paper and similar instruments with maturities of less than one year. Short term investments are reported at fair value or at cost or amortized cost, which approximates fair value. For those investments which are reported at fair value, the investments are valued using similar methodologies as described within the debt securities section below.

Equity securities: These include common stock, domestic and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2017. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, and foreign debt securities (included in international fixed income in the Statement of Fiduciary Net Position). These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Real estate: Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2017. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

The Plans valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2017, are as follows:

2017 Investments Measured at the NAV				
	2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled				
Domestic equity fund (1)	\$ 146,447,456	\$	Monthly	10 Days
Real estate fund (2)	43,655,948		Quarterly	45 Days
Private placement	34,009,501		Weekly	1 Day
Commingled				
International equity fund (4)	35,156,846		Daily	Same Day
Mutual funds (5)	27,732,355		Daily	Same Day
Total investments measured at the NAV	<u>\$ 287,002,106</u>	<u>\$</u>		

(1) Commingled domestic equity fund consists of one comingled investment vehicle which invests primarily in publicly traded equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments.

(3) The private placement fund invests primarily in international bonds. The fair value of this investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Continued)**

(4) Commingled international equity fund consists of one commingled investment vehicle which invests primarily in publicly traded global equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(5) These mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. They are determined to be actively traded.

The Miami Beach Employees' Retirement Plan has the following recurring fair value measurements as of September 30, 2017:

Investments by fair value level	2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equity securities				
Domestic equities				
S&P Index	\$ 96,716,034		\$ 96,716,034	\$
Large cap fund PLUS	77,425,463		77,425,463	
Mid-cap index fund	33,488,727		33,488,727	
Small-cap index	17,718,481		17,718,481	
International equity growth	73,958,148		73,958,148	
Emerging markets core	31,666,141	\$ 31,666,141		
Mutual fund equities (DROP)	16,100,212	16,100,212		
Total equity securities	347,073,206	47,766,353	299,306,853	
Fixed income				
Core bond index fund	48,026,513		48,026,513	
Bond fund	111,021,057		111,021,057	
Total fixed income	159,047,570		159,047,570	
Real estate strategic property fund	63,882,104			63,882,104
Total investments by fair value level	570,002,880	\$ 47,766,353	\$ 458,354,423	\$ 63,882,104
Investment measured at the net asset value (NAV)				
Infrastructure Fund	41,952,966			
Total investment measured at NAV	41,952,966			
Short-term investment fund (exempt)	395,150			
Total investments	\$ 612,350,996			

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currency Eligible)	Redemption Notice
Infrastructure Fund	\$ 41,952,966	N/A	Semi-annual	90 Days

This fund is focused on identifying a universe of investments that best meet the portfolio's risk management objectives. This involves the identification of investments that have assets predominantly invested in developed economies. Limits have been applied to country and regional exposure. The return pattern expected from global infrastructure is an inflationary return component plus a substantial premium, as well as competitive performance relative to the S&P Global Infrastructure Index.



**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

The Firemen's Relief and Pension Fund had the following recurring fair value measurements as of September 30, 2017:

	2017	Fair Value Measurements Using	
		Level 1	Level 2
Investments by fair value level			
Equity securities			
Common stocks	\$ 8,641,589	\$ 8,641,589	\$
Total equity securities	8,641,589	8,641,589	
Debt securities			
U.S. treasury securities	864,453	864,453	
U.S. agency securities	403,856		403,856
Corporate bonds	6,064,347		6,064,347
Total debt securities	7,332,656	864,453	6,468,203
Total investments by fair value level	15,974,245	\$ 9,506,042	\$ 6,468,203
Money market funds	1,018,516		
Total investments	\$ 16,992,761		

The Policemen's Relief and Pension Fund have the following recurring fair value measurements as of September 30, 2017:

	2017	Fair Value Measurements Using	
Investment Category		Level 1	Level 2
Corporate bonds	\$ 2,744,511	\$ 2,744,511	
U.S. government and agencies bonds	525,247	525,247	
Money market account	986,584		\$ 986,584
Equities	3,985,231	3,985,231	
Foreign assets	375,746	375,746	
Total	\$ 8,617,319	\$ 7,630,735	\$ 986,584

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the System's deposits may not be returned to it. Consistent with the System's investment policy, the investments are held by the System's custodial bank and registered in the System's name. All System's deposits are insured and or collateralized by a financial institution separate from the System's depository financial institution. At September 30, 2017, the Miami Beach Employees' Retirement Plan had an uninsured cash balance of approximately \$947,000 with one financial institution.

**City's OPEB Trust Investments:**

At September 30, 2017, the City's OPEB Trust Fund investments were comprised of \$200,921 in money market accounts and \$30,261,023 in mutual funds.

**Fair Value Measurement:** In February 2015, GASB issued Statement No. 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB No. 72 defines fair value as the price that would be received to sell an asset. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices similar assets in markets that are not active; Level 3 inputs are significant unobservable inputs.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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The OPEB Trust had the following fair value measurements at September 30, 2017:

	2017
Investments measured at the net asset value (NAV)	
Mutual Funds	\$ 30,261,023
Total investments measured at the net asset value (NAV)	30,261,023
Total Investments	\$ 30,261,023

The OPEB Trusts' valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2017, are as follows:

2017				
Investments Measured at the NAV				
	2017	Unfunded Commitments	Redemption Frequency	Redemption Noticed Period
Mutual Fund	\$ 30,261,023	N/A	Daily	Same Day

The mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. They are determined to be actively traded.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the System's deposits may not be returned to it. Consistent with the City's investment policy, the investments are registered in the City's name. All City deposits are insured and or collateralized by a financial institution separate from the System's depository financial institution.

**Discretely Presented Component Units:**

Component unit's cash and investment in the amount of \$4,035,163 consists of demand deposit and money market deposit accounts. These accounts are not subjected to interest rate risks, credit risks or concentration of credit risks. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

For the Miami Beach Health Facilities Authority and the Miami Beach Visitor and Convention Authority, securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the component unit. The security cannot be released, substituted or sold without the component unit's approval and release of the security.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**NOTE 4 - Receivables**

Receivables at September 30, 2017 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds							
	General	Resort Tax	Redevelopment Agency	Capital Projects	Nonmajor Funds	Total	
Receivables:							
Accounts	\$ 7,646,168	\$ 3,610,048	\$ 3,542	\$	\$ 2,508,714	\$	\$ 13,768,472
Special Assessments		929,267		66,872			996,139
Gross receivables	7,646,168	4,539,315	3,542	66,872	2,508,714		14,764,611
Less: allowance for uncollectible accounts	(3,651,432)		(158)		(1,463,993)		(5,115,583)
Net total receivables	<u>\$ 3,994,736</u>	<u>\$ 4,539,315</u>	<u>\$ 3,384</u>	<u>\$ 66,872</u>	<u>\$ 1,044,721</u>	<u>\$</u>	<u>\$ 9,649,028</u>

Proprietary Funds							
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Internal Service	Total
Receivables:							
Accounts	\$ 4,662,772	\$ 13,377,487	\$ 5,552,506	\$ 702,702	\$ 3,074,970	\$ 108,294	\$ 27,478,731
Gross receivables	4,662,772	13,377,487	5,552,506	702,702	3,074,970	108,294	27,478,731
Less: allowance for uncollectible accounts	(1,439,197)	(3,272,592)	(29,262)		(1,562,339)	(68,394)	(6,371,784)
Net total receivables	<u>\$ 3,223,575</u>	<u>\$ 10,104,895</u>	<u>\$ 5,523,244</u>	<u>\$ 702,702</u>	<u>\$ 1,512,631</u>	<u>\$ 39,900</u>	<u>\$ 21,106,947</u>

**NOTE 5 - Property Taxes**

Property values are assessed (levied) by the Miami-Dade County Property Assessor as of January 1 of each year, at which time taxes become an enforceable lien on property. State of Florida Amendment No. 10 to the Florida Constitution known as "Save our Homes" limits assessment increases on homestead property to the lesser of 3% or the consumer price index. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of personal property taxes by seizure of the property or by the sale of the property or by the sale of interest bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**NOTE 6 - Capital Assets**

Capital asset activities for the year ended September 30, 2017 were as follows:

**Primary Government**  
**Governmental activities:**

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 58,758,676	\$	\$	\$ 58,758,676
Intangible assets	4,181,941			4,181,941
Construction work-in-progress	272,892,124	268,323,119	31,300,354	509,914,889
Total capital assets, not being depreciated	<u>335,832,741</u>	<u>268,323,119</u>	<u>31,300,354</u>	<u>572,855,506</u>
Capital assets, being depreciated:				
Building	133,354,673			133,354,673
Permanent improvements	374,162,885	18,042,419		392,205,304
Furniture & fixtures	7,800,607	938,831	247,381	8,492,057
Equipment	81,471,584	5,294,341	16,684,463	70,081,462
Infrastructure	206,382,425	7,515,805		213,898,230
Total capital assets, being depreciated	<u>803,172,174</u>	<u>31,791,396</u>	<u>16,931,844</u>	<u>818,031,726</u>
Less: accumulated depreciation for:				
Building	57,881,578	2,550,757		60,432,335
Permanent improvements	125,485,312	11,042,964		136,528,276
Furniture & fixtures	4,589,139	937,797	241,351	5,285,585
Equipment	58,902,929	6,069,355	16,654,740	48,317,544
Infrastructure	124,486,424	6,386,741		130,873,165
Total accumulated depreciation	<u>371,345,382</u>	<u>26,987,614</u>	<u>16,896,091</u>	<u>381,436,905</u>
Total capital assets, being depreciated, net	<u>431,826,792</u>	<u>4,803,782</u>	<u>35,753</u>	<u>436,594,821</u>
Governmental activities capital assets, net	<u>\$ 767,659,533</u>	<u>\$ 273,126,901</u>	<u>\$ 31,336,107</u>	<u>\$ 1,009,450,327</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**Primary Government**  
**Business-type activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 25,835,429	\$	\$	\$ 25,835,429
Intangible assets	4,318,059			4,318,059
Construction work-in-progress	316,016,006	84,983,665	57,804,892	343,194,779
Total capital assets, not being depreciated	346,169,494	84,983,665	57,804,892	373,348,267
Capital assets, being depreciated:				
Main & lines	223,977,347	44,858,853		268,836,200
Building & structure	311,222,585	10,163,656	136,522,445	184,863,796
Meters & hydrants	32,577,592	139,487	1,956	32,715,123
Furniture, equipment & vehicles	83,415,513	3,041,683	14,443,999	72,013,197
Improvements other than building including parking lots	21,025,332	1,230,702		22,256,034
Total capital assets, being depreciated	672,218,369	59,434,381	150,968,400	580,684,350
Less: accumulated depreciation for:				
Main & lines	48,506,956	5,274,231		53,781,187
Building & structure	131,989,889	7,517,589	69,519,609	69,987,869
Meters & hydrants	18,660,933	2,411,379		21,072,312
Furniture, equipment & vehicles	47,649,761	3,741,952	12,533,377	38,858,336
Improvements other than building	10,326,961	548,312		10,875,273
Total accumulated depreciation	257,134,500	19,493,463	82,052,986	194,574,977
Total capital assets, being depreciated, net	415,083,869	39,940,918	68,915,414	386,109,373
Business-type activities, combined capital assets, net	\$ 761,253,363	\$ 124,924,583	\$ 126,720,306	\$ 759,457,640

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,130,201
Public safety	2,734,587
Physical environment	386,038
Transportation	8,627,900
Economic environment	291,334
Human services	1,814
Culture and recreation	7,941,681
Total depreciation expense – governmental activities	<u>\$ 22,113,555</u>
Business-type activities:	
Storm Water	\$ 2,694,089
Water & Sewer	5,011,428
Parking Systems	5,833,405
Convention Center Complex	4,746,222
Nonmajor enterprise	1,208,319
Total depreciation expense – business-type activities	<u>\$ 19,493,463</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Continued)**

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$4,874,058 of depreciation expenses for internal services.

**NOTE 7 - Construction, other Commitments and Capitalized Interest**

At September 30, 2017 the City funds had active construction projects which includes, but is not limited to water; waste water and storm water improvements; as well as a variety of streetscape enhancement projects. The following table sets forth these commitments by fund:

Capital Projects	\$ 176,340,843
Storm Water Utility	62,707,352
Water & Sewer	20,293,972
Sanitation	568,119
Parking Systems	15,609,827
Convention Center Complex	135,688
Non-major Enterprise	<u>65,504</u>
	<u>\$ 275,721,305</u>

The City funds had the following encumbrance commitments at September 30, 2017.

General	\$ 2,408,403
Redevelopment Agency	10,114
Capital Project	176,340,843
Other Governmental	<u>19,308,982</u>
	<u>\$ 198,068,342</u>

The following is a schedule, by fund, of interest expense and the amounts included as part of the cost of capital assets under construction.

	<u>Charges</u>	<u>Capitalized</u>
Storm Water Utility	\$ 8,142,451	\$ 5,100,581
Water and Sewer	5,016,959	2,911,566
Parking Systems	5,138,073	1,683,263

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**NOTE 8 - Interfund Receivables, Payables and Transfers**

As of September 30, 2017, the General Fund was due \$1,532,002 from the Other Governmental Funds. The interfund outstanding balance is due to an interfund advance for the Sunset Island underground utilities project.

Interfund transfers for the year ended September 30, 2017 consisted of the following:

Transfer From	Transfer To							Total
	General	Capital Projects	Other Governmental	Storm Water	Water Sewer	Other Enterprise	Internal Service	
General	\$	\$ 2,415,978	\$ 7,104,500	\$	\$	\$	\$ 395,000	\$ 9,915,478
Resort Tax	37,609,000		27,807,598			3,671,004		69,087,602
Redevelopment Agency			5,993,960					5,993,960
Capital Projects	370,000		33,939	799,041				1,202,980
Other Governmental			4,733,010					4,733,010
Storm Water			13,000		420	798,000		811,420
Water			27,000					27,000
Parking	6,399,996		75,000					6,474,996
Convention Ctr			963,625					963,625
Other Enterprise			38,000					38,000
Internal Service			335,000					335,000
	<u>\$ 44,378,996</u>	<u>\$ 2,415,978</u>	<u>\$ 47,124,632</u>	<u>\$ 799,041</u>	<u>\$ 420</u>	<u>\$ 4,469,004</u>	<u>\$ 395,000</u>	<u>\$ 99,583,071</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

The General Fund transferred \$6.1 million for debt service payments, \$1.0 million to other special revenue funds, and \$2.4 million to the pay as you go capital fund. The resort tax fund transfer to the general fund \$37.6 million for citywide tourism. The resort tax fund also transferred \$14.6 million for debt services, \$5.7 million for transportation, \$1.8 million for cultural arts council programs, \$3.7 million to the Sanitation Fund and \$5.7 million to other funds to fund various south beach, middle and north beach approved projects. Redevelopment Agency Fund transferred \$6.0 million to other governmental funds for debt service payments. The Parking System transferred \$6.4 million to the general fund for operating activities and \$75,000 to other governmental funds for debt service.

**CITY OF MIAMI BEACH, FLORIDA**  
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Residual equity transfers represent transfers of fund balance from one fund or fund type to the other. These amounts are not separated from transfers for reporting purposes. Residual equity transfers are not budgeted as they are transfers of noncurrent resources. For the fiscal year ended September 30, 2017, the City had the following residual equity transfers:

- The Miami Beach Redevelopment Agency Fund transferred \$363,244 to the Miami City Ballet,
- The Resort Tax Special Revenue fund transferred \$1.3 million to the Resort Tax Debt Service Fund, and
- The Capital Projects Fund transferred \$799,041 to the Storm-water Funds.

**NOTE 9 - Operating Leases**

The City serves as the lessor for tenants leasing various parking facilities, marina, and offices and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2053. Future minimum lease receivables under the operating leases at September 30, 2017, are as follows:

<u>September 30</u>	<u>Business-type Operating Leases</u>	<u>Governmental Operating Leases</u>
2018	\$ 1,987,115	\$ 2,811,873
2019	1,881,432	2,460,689
2020	1,909,588	2,338,848
2021	1,782,794	1,980,463
2022	1,768,613	1,864,045
2023 and thereafter	<u>20,606,064</u>	<u>12,555,509</u>
	<u>\$ 29,935,606</u>	<u>\$ 24,011,427</u>

The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2017:

Parking facilities	\$ 7,947,504
Recreational facilities	15,831,132
Retail space	51,121,003
Marina	<u>5,654,752</u>
	80,554,391
Less: Accumulated depreciation	<u>(47,279,453)</u>
Net book value of leased assets	<u>\$ 33,274,938</u>



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**NOTE 10 - Long-Term Debt**

**A. General Obligation Bonds – Governmental Activities**

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued is \$46,380,000. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds.

The General Obligation Bonds outstanding at September 30, 2017 consist of the following:

<u>Issue Name</u>	<u>Interest Rate</u>	<u>Year Issued</u>	<u>Final Maturity</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2017</u>
General Obligation - Series 2003	2.00-5.25	2003	2033	\$ 62,465,000	\$ 28,080,000
General Obligation - Series 2011	3.00-5.00	2011	2023	34,840,000	18,300,000
Total General Obligation Bonds				<u>\$ 97,305,000</u>	<u>\$ 46,380,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>General Obligation Bonds Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,845,000	\$ 2,058,769	\$ 5,903,769
2019	3,995,000	1,904,969	5,899,969
2020	4,145,000	1,745,169	5,890,169
2021	1,990,000	1,537,919	3,527,919
2022	2,150,000	1,458,319	3,608,319
2023-2027	11,980,000	5,712,894	17,692,894
2028-2032	14,890,000	2,826,869	17,716,869
2033	<u>3,385,000</u>	<u>152,325</u>	<u>3,537,325</u>
	46,380,000	17,397,233	63,777,233
Plus: Unamortized Bond Premium	983,353		983,353
	<u>\$ 47,363,353</u>	<u>\$ 17,397,233</u>	<u>\$ 64,760,586</u>

On July 22, 2003, the City issued General Obligation Bonds, Series 2003, in the amount of \$62,465,000. These bonds were issued to provide funds to pay the cost of improving neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization and related maintenance facilities, and Fire Safety Projects and the Parks and Beaches projects. The Bonds will be repaid solely from ad-valorem taxes assessed, levied and collected. On December 1, 2011, the \$62,465,000 General Obligation Bonds, Series 2003 were partially refinanced by the issuance of the \$34,840,000 General Obligation Refunding Bonds, Series 2011.

On December 1, 2011, the City issued \$34,840,000 in General Obligation Refunding Bonds, Series 2011. This Series of bonds were issued by the City for the purpose of (i) refunding the Series 2000 General Obligation Bonds maturing after December 1, 2011, and the Series 2003 General Obligation Bonds maturing on and after September 1, 2014 through and including September 1, 2023, and (ii) paying the costs of issuance of the Bonds. The General Obligation Refunding Bonds, Series 2011 will be payable from ad

**CITY OF MIAMI BEACH, FLORIDA**  
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valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the corporate limits of the City. The Series 2011 Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2023.

At September 30, 2017, the City did not have any defeased General Obligation debt.

**B. Special Obligation Bonds – Governmental Activities**

At September 30, 2017 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name		Repayment Source	Total Original Issue	Total Outstanding Principal
1985E	Gulf Breeze Fixed Rate, Series C	Non ad-valorem	\$ 22,500,000	\$ 4,350,000
2015	Resort Tax Revenue Bonds	Resort tax revenue	194,920,000	187,920,000
2015A	Tax Increment Revenue Refunding Bonds	RDA tax increment revenue	286,245,000	284,430,000
2015B	Tax Increment Revenue Refunding Bonds	RDA tax increment revenue	35,850,000	31,170,000
Total Special Obligation Bonds			<u>\$ 539,515,000</u>	<u>\$ 507,870,000</u>

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. The Gulf Breeze Series B, in the amount of \$2,200,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series C, in the amount of \$22,445,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series E, in the amount of \$22,500,000, principal is to be repaid in nineteen annual installments commencing December 1, 2002 with interest paid semi-annually. \$17,115,000 was used to repay the outstanding balance of the City Gulf Breeze, Florida Local Government Loan Program Series 1985C variable rate notes. \$14,977,000 was used to repay a portion of the outstanding principal from the Sunshine State Loan. The remaining funds will be used for the renovation and improvement of two City owned golf courses and their related facilities.

On December 15, 2015 the City issued \$194,920,000 in Series 2015 Resort Tax Revenue Bonds for the purpose of providing funds to finance a portion of the costs of acquiring and constructing renovations to the Convention Center and related improvements and pay the costs of issuing the Series 2015 bonds. The Series 2015 bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1.

In August 2007, the Resort Tax Refunding Bonds, Series 1996, were defeased. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net position. At September 30, 2017, \$1,525,629 is still considered defeased.

On December 15, 2015 the City issued \$286,245,000 in Series 2015A Tax Increment Revenue and Revenue Refunding Bonds to provide for the current refunding of all of the Agency's Tax Increment Revenue Refunding Bonds, Series 2005B; finance certain costs of acquiring and constructing renovations to the convention center and certain other improvements; and pay costs of issuance of the Series 2015A bonds. The Series 2015A bonds were issued with interest rates of 4.00% to 5.00% payable semiannually on February 1 and August 1.

**CITY OF MIAMI BEACH, FLORIDA**  
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On December 15, 2015 the City issued \$35,850,000 in taxable Series 2015B Tax Increment Revenue Refunding Bonds to provide for the advance refunding of all of the Agency's Tax Increment Revenue Refunding Bonds, Taxable Series 1998A; provide for the current refunding of all of the Agency's Tax Increment Revenue Refunding Bonds, Taxable Series 2005A; and pay costs of issuance of the Series 2015B bonds. The Series 2015B bonds were issued with interest rates of 1.93% to 3.69% payable semiannually on February 1 and August 1.

On September 22, 2005, the City partially refunded/defeased the Tax Increment Revenue Bonds, Series 1998A by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds. On December 15, 2015, the City issued \$286,245,000 in Series 2015A Tax Increment Revenue and Revenue Refunding Bonds to provide for the current refunding of all of the Agency's Tax Increment Revenue Refunding Bonds, Series 2005B. At September 30, 2017, \$7,628,253 is still considered defeased.

On December 22, 2016, the City obtained a loan in the amount of \$19,679,000 to refund the outstanding Series 2005 taxable special obligation refunding bonds. Interest of 1.69% is payable semiannually on March 1 and September 1, commencing on March 1, 2017. The loan proceeds were placed into escrow to currently refund the entire special obligation bond. The aggregate difference between the refunding debt and the refunding debt was \$0.

At September 30, 2017 debt service requirements to maturity for special obligation bonds are as follows:

Fiscal Year Ending September 30	Debt Service Requirements Special Obligation Bonds		
	Principal	Interest	Total
2018	\$ 10,980,000	\$ 24,340,673	\$ 35,320,673
2019	11,405,000	23,920,654	35,325,654
2020	11,865,000	23,464,928	35,329,928
2021	12,385,000	22,974,735	35,359,735
2022	11,685,000	22,481,115	34,166,115
2023-2027	63,420,000	104,204,722	167,624,722
2028-2032	79,620,000	87,195,625	166,815,625
2033-2037	102,005,000	64,802,625	166,807,625
2038-2042	130,670,000	36,129,875	166,799,875
2043-2045	73,835,000	5,344,175	79,179,175
	<u>507,870,000</u>	<u>414,859,127</u>	<u>922,729,127</u>
Plus: Net unamortized Bond Premium	48,055,298		48,055,298
	<u>\$ 555,925,298</u>	<u>\$ 414,859,127</u>	<u>\$ 970,784,425</u>

For the fiscal year ended September 30, 2017, debt service on the tax increment bonds was \$21,665,579 and the tax increment revenues totaled \$51,843,091 and net customer revenues were \$49,332,005. Remaining outstanding principal and interest is \$569,253,577.

**C. Revenue Bonds – Business-Type Activities**

Parking Fund

On November 16, 2010, the City issued \$17,155,000 in Parking Revenue Refunding Bonds, Series 2010A and \$27,405,000 in Parking Revenue Bonds, Series 2010B. The Series 2010A Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) current refund the City's outstanding Parking Revenue Bonds, Series 1997, previously issued in the aggregate principal amount of \$21,000,000, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010A

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Bonds. The Series 2010A Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2022.

The Series 2010B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010B Bonds. The Series 2010B Bonds were issued with interest rates of 4.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2040.

On December 15, 2015, the City issued \$58,825,000 in Parking Revenue Bonds, Series 2015. The Series 2015 Bonds are being issued for the purpose of providing funds to finance a portion of the costs of constructing a new parking facility and improvements to a surface parking lot to service the City's convention center, which is being renovated, and pay the costs of issuing the Series 2015 Bonds. The Series 2015 Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature through September 1, 2045.

Parking Revenue Fund indebtedness at September 30, 2017, is comprised of the following issued indebtedness:

\$ 17,155,000	Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00% <u>\$ 7,405,000</u>
\$ 27,405,000	Series 2010B Parking Revenue Bonds due in annual installments through 2040: interest at 4.00% - 5.00% <u>\$ 27,405,000</u>
\$ 58,825,000	Series 2015 Parking Revenue Bonds due in annual installments through 2045: interest at 3.00% - 5.00% <u>\$ 58,750,000</u>

At September 30, 2017, no Parking obligations were considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2017, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2018	\$ 1,670,000	\$ 4,579,713	\$ 6,249,713
2019	1,740,000	4,512,913	6,252,913
2020	1,805,000	4,444,113	6,249,113
2021	1,895,000	4,354,663	6,249,663
2022	1,990,000	4,261,613	6,251,613
2023-2027	11,365,000	19,891,483	31,256,483
2028-2032	14,375,000	16,875,657	31,250,657
2033-2037	18,320,000	12,937,500	31,257,500
2038-2042	23,375,000	7,876,500	31,251,500
2043-2045	17,025,000	1,730,250	18,755,250
	93,560,000	81,464,405	175,024,405
Plus: Net Unamortized Bond Premium	6,097,647		6,097,647
	<u>\$ 99,657,647</u>	<u>\$ 81,464,405</u>	<u>\$ 181,122,052</u>

All parking revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on all Parking bonds is \$175,024,405. Principal and interest paid for the current year and total customer net revenues were \$6,252,713 and \$7,826,310 respectively.

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Water and Sewer Fund

The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2000, on September 1, 2000. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. This bond was partially refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A and Taxable Series 2009J-1B. The portion of the Series 2000 bonds refunded was \$23,480,000.

On May 1, 2006, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan from the City of Gulf Breeze, Florida, Series 1985C proceeds to refund all of the City of Miami Beach's outstanding Water & Sewer Revenue Bonds, Series 1995. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan of the City of Gulf Breeze, Florida, Series 1985E Bond proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$8,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, \$18,300,000 in Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

On February 17, 2010, the City obtained three loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use one of the loans from the City of Gulf Breeze, Florida, Series 1985J proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$13,590,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, \$10,000,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, and \$30,000,000 in Water and Sewer Revenue Bonds, Taxable Series 2009J-1C. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The two refunding bonds were issued to partially refund the Water and Sewer Revenue Bonds, Series 2000, and the other bond was issued to construct various improvements and extensions to the Water and Sewer utility.

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Indebtedness of the Water and Sewer Fund at September 30, 2017 is as follows:

\$ 54,310,000	2000 Revenue Bonds due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 30,830,000</u>
\$ 18,300,000	2006B-2 Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2019: Interest at 4.40% - 4.50%	<u>\$ 11,895,000</u>
\$ 5,700,000	2006E Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: Interest at 5.00%	<u>\$ 5,700,000</u>
\$ 13,590,000	2009J-1A Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2020: Interest at 4.10% - 4.50%	<u>\$ 11,095,000</u>
\$ 10,000,000	2009J-1B Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2023: Interest at 4.82% - 5.00%	<u>\$ 10,000,000</u>
\$ 30,000,000	2009J-1C Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2039: Interest at 5.00%	<u>\$ 30,000,000</u>

At September 30, 2017, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-term debt as of September 30, 2017 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2018	\$ 6,700,000	\$ 4,603,255	\$ 11,303,255
2019	6,995,000	4,300,719	11,295,719
2020	7,335,000	3,977,500	11,312,500
2021	7,660,000	3,722,769	11,382,769
2022	3,170,000	3,556,312	6,726,312
2023-2027	23,050,000	14,721,056	37,771,056
2028-2032	17,330,000	8,916,750	26,246,750
2033-2037	15,785,000	4,924,125	20,709,125
2038-2040	11,495,000	880,875	12,375,875
	<u>99,520,000</u>	<u>49,603,361</u>	<u>149,123,361</u>
Less:			
Unamortized Discount	<u>(113,785)</u>		<u>(113,785)</u>
	<u>\$ 99,406,215</u>	<u>49,603,361</u>	<u>149,009,576</u>

All water & sewer revenue bonds are payable from and secured by a lien on and pledge of net revenues of the water and sewer utility and to the extent provided in the bond resolution, from impact fees, and from all moneys held in the funds and accounts established under the bond resolution. The total principal and interest remaining to be paid on the bonds is \$149,123,361. Principal and interest paid for the current year and total customer net revenues were \$11,304,445 and \$17,717,900 respectively.

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Storm Water

On February 17, 2010, the City obtained a loan from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use this loan from the City of Gulf Breeze, Florida, Series 1985J proceeds to partially refund the Series 2000 bonds. As evidence of such loan, the City's Storm Water Fund issued \$16,185,000 in Storm Water Revenue Refunding Bonds, Taxable Series 2009J-2. The bonds will be repaid solely from pledged revenues of the Storm Water system. They are registered transcripts and insured.

On December 7, 2011, the City issued \$52,130,000 in Storm Water Revenue Bonds, Series 2011A and \$26,575,000 in Storm Water Revenue Refunding Bonds, Series 2011B. The Series 2011A Bonds are being issued by the City for the purpose of providing funds to (i) pay the costs of certain capital improvements to its Storm Water Utility, (ii) fund a deposit to the Reserve Account, and (iii) pay the costs of issuing the Series 2011A Bonds. The Series 2011A Bonds were issued with interest rates of 4.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2041. The Series 2011B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys of the City, to (i) refund, defease and redeem the outstanding Series 2000 Bonds, including interest to accrue to their redemption date, and (ii) paying the costs of such issuance, refunding, defeasance and redemption. The Series 2011B Bonds were issued with interest rates of 2.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2030. Both Series 2011A and 2011B Bonds will be repaid solely from pledged revenues of the Storm Water System.

On August 5, 2015, the City issued \$99,590,000 in Stormwater Revenue Bonds, Series 2015. The Series 2015 Bonds are being issued by the City for the purpose of providing funds to (i) finance a portion of the costs of certain capital improvements currently contemplated as part of the City's five year program to improve and enhance the effectiveness and reliability of the Stormwater Utility, and (ii) pay the costs of issuing the Series 2015 Bonds. The Series 2015 Bonds were issued with interest rates of 2.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2045. The Series 2015 Bonds will be repaid solely from pledged revenues of the Stormwater System.

Indebtedness of the Storm Water Fund at September 30, 2017 is as follows:

\$16,185,000	2009J-2 Storm Water Revenue Refunding Bonds Due in annual installments through 2020: Interest at 2.00% - 4.50%	<u>\$ 7,190,000</u>
\$52,130,000	2011A Storm Water Revenue Bonds Due in annual installments through 2041: Interest at 4.00% - 5.25%	<u>\$49,055,000</u>
\$26,575,000	2011B Storm Water Revenue Refunding Bonds Due in annual installments through 2030: Interest at 2.00% - 5.25%	<u>\$25,855,000</u>
\$99,590,000	2015 Storm Water Revenue Bonds Due in annual installments through 2045: Interest at 2.00% - 5.00%	<u>\$99,155,000</u>

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The aggregate maturities of Long-term debt at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2018	\$ 3,380,000	\$ 7,986,131	\$ 11,366,131
2019	3,525,000	7,836,505	11,361,505
2020	3,685,000	7,680,427	11,365,427
2021	3,850,000	7,513,052	11,363,052
2022	3,975,000	7,388,065	11,363,065
2023-2027	23,040,000	33,771,678	56,811,678
2028-2032	28,790,000	28,033,420	56,823,420
2033-2037	35,255,000	21,563,543	56,818,543
2038-2042	44,225,000	12,597,288	56,822,288
2043-2045	31,530,000	2,555,400	34,085,400
	<u>181,255,000</u>	<u>136,925,509</u>	<u>318,180,509</u>
Plus Unamortized Premium	2,913,987		2,913,987
	<u>\$ 184,168,987</u>	<u>\$ 136,925,509</u>	<u>\$ 321,094,496</u>

All storm water revenue bonds are payable from and secured by a lien on and pledge of net revenues of the stormwater utility and from all moneys held in the funds and accounts established under the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$318,180,509. Principal and interest paid for the current year and total customer net revenues were \$11,361,226 and \$20,963,288 respectively.

**D. Equipment Loan**

On February 20, 2008, the City entered into a new loan agreement which allows the City to be reimbursed for the purchase of machinery and equipment up to a maximum of \$37,500,000. The interest rates on this loan agreement range from 1.9% to 4.5%. At September 30, 2017, the City was indebted for \$5,873,332.

The aggregate maturities of loans at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2018	\$ 2,490,486	\$ 112,349	\$ 2,602,835
2019	1,862,716	60,620	1,923,336
2020	802,569	26,914	829,483
2021	377,777	10,801	388,578
2022	226,452	6,474	232,926
2023-2025	113,332	3,240	116,572
	<u>\$ 5,873,332</u>	<u>\$ 220,398</u>	<u>\$ 6,093,730</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 5,394,593
Stormwater	38,650
Water & Sewer	80,636
Parking	57,875
Other Enterprise	98,705
General Fund	202,873
	<u>\$ 5,873,332</u>



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**E. Energy Savings Obligation**

On May 25, 2010, the City entered into an equipment lease purchase financing agreement with a financial institution for the construction/purchase of energy saving equipment. At September 30, 2017, the outstanding balance on this loan was \$10,121,802. The interest rate on this loan is a fixed 4.18%. Principal and interest payment are made monthly. The first payment was made on May 25, 2012 and the last payment will be made on April 25, 2025.

The aggregate maturities of other long-term obligations at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2018	\$ 968,999	\$ 404,888	\$ 1,373,887
2019	1,062,244	362,620	1,424,864
2020	1,173,139	316,261	1,489,400
2021	1,296,242	264,757	1,560,999
2022	1,410,512	208,412	1,618,924
2023-2025	4,210,666	242,131	4,452,797
	<u>\$ 10,121,802</u>	<u>\$ 1,799,069</u>	<u>\$ 11,920,871</u>

**F. Line of Credit**

On May 21, 2014, the City of Miami Beach issued Resolution No. 2014-28599 which authorized the issuance of a line of credit not to exceed an aggregate principal amount of \$60 million to pay the costs of capital projects. The line of credit was obtained from one financial institution. The line of credit was renewed on July 29, 2016. Tax-exempt draws against the line of credit will have a variable interest rate of 70% of Libor rate plus 0.50%, and the taxable draws will have a variable rate equal to Libor rate plus 0.75%. For the period ending July 28, 2016, there will be an annual fee of 0.20% on the unused portion of the line of credit payable on a quarterly basis. For the periods commencing on July 29, 2016, the annual fee on the unused portion of the line of credit increased to 0.25%. The City shall pay the financial institution the entire unpaid principal balance together with all accrued and unpaid interest on May 30, 2018 (the "Maturity Date"). As of September 30, 2017, no amounts have been drawn down from this line of credit.

**G. Pension Loan**

On September 1, 2005 the City issued \$53,030,000 in taxable Series 2005 Special Obligation Bonds for the purposes of, together with other legally available funds of the City, refunding the City's outstanding Series 1994 Taxable Special Obligation Bonds (Pension Funding Project) maturing September 1, 2015 and September 1, 2021, making the required payment with respect to a Hedge Agreement and paying the costs of issuing the Series 2005 and refunding the Refunded Bonds, including the premiums for the Bond Insurance Policy and Reserve Account Surety Bond. The Series 2005 bonds were issued with interest rates of 4.24% to 5.23% payable semiannually on March 1 and September 1.

On December 22, 2016 the City obtained a loan in the amount of \$19,679,000 to refund the outstanding Series 2005 taxable special obligation refunding bonds. Interest of 1.69% is payable semiannually on March 1 and September 1, commencing on March 1, 2017. This loan fully refunded the \$53,030,000 in taxable Series 2005 Special Obligation Bonds.

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The aggregate maturities of the pension loan obligations at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2018	\$ 4,583,000	\$ 253,298	\$ 4,836,298
2019	4,623,000	175,844	4,798,844
2020	4,633,000	97,716	4,730,716
2021	1,149,000	19,418	1,168,418
	<u>\$ 14,988,000</u>	<u>\$ 546,276</u>	<u>\$ 15,534,276</u>

**H. Clean Water State Revolving Loan**

On November 12, 2014, the City of Miami Beach entered into the Clean Water State Revolving Fund Loan Agreement with the State of Florida Department of Environment Protection. The amount of the loan is \$7,500,000 plus \$147,500 of capitalized interest and \$150,000 in loan service fees which amounts to \$7,797,500 to be repaid back to the State. Loan payments will commence on February 15, 2018 and semiannually thereafter on August 15 and February 15 of each year until all amounts due have been fully paid. The interest rate on this loan is 1.62% per annum. The loan shall be repaid in 40 semiannual loan payments of \$229,001. Loan disbursement from the State to the City will be made for reimbursements of allowable invoiced costs. The loan is recorded as a loan payable in the governmental activities of the City's government wide statements. As of September 30, 2017, \$5.3 million of loan disbursements were received by the City. The loan is secured by the Stormwater fund's pledged revenues and will be repaid with such funds.

The aggregate maturities of the loan at September 30, 2017 are as follows:

Fiscal Year Ending September 30	Loan		
	Principal	Interest	Total
2018	\$ 333,026	\$ 124,976	\$ 458,002
2019	338,443	119,559	458,002
2020	343,948	114,054	458,002
2021	349,542	108,460	458,002
2022	355,228	102,774	458,002
2023-2027	1,864,713	425,297	2,290,010
2028-2032	2,021,381	268,629	2,290,010
2033-2037	2,191,219	98,798	2,290,017
	<u>\$ 7,797,500</u>	<u>\$ 1,362,547</u>	<u>\$ 9,160,047</u>

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**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2017 is as follows:

**Governmental activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation	\$ 50,120,000	\$	\$ 3,740,000	\$ 46,380,000	\$ 3,845,000
Special obligation	537,710,000		29,840,000	507,870,000	10,980,000
Plus: Net unamortized bond Premium	52,396,488		3,357,836	49,038,652	2,999,302
Less: Net unamortized bond Discount	(2,761)	2,761			
Total bonds payable	<u>640,223,727</u>	<u>2,761</u>	<u>36,937,836</u>	<u>603,288,652</u>	<u>17,824,302</u>
Claims and judgments	32,731,508	34,218,698	26,724,793	40,225,413	7,700,000
Compensated absences	20,010,068	11,064,022	8,322,987	22,751,103	8,322,987
Energy savings obligation	11,002,350		880,548	10,121,802	968,999
OPEB Liability	59,386,932	3,114,523		62,501,455	
Pension Loan		19,679,000	4,691,000	14,988,000	4,583,000
Loans payable	8,551,197	5,257,069	2,953,732	10,854,534	2,687,607
Net pension liability - MBERP	168,742,269		8,901,962	159,840,307	
Net pension liability - MBF&P	<u>290,830,147</u>	<u>6,799,752</u>		<u>297,629,899</u>	
Governmental activity					
Long-term liabilities	<u>\$ 1,231,478,198</u>	<u>\$ 80,135,825</u>	<u>\$ 89,412,858</u>	<u>\$ 1,222,201,165</u>	<u>\$ 42,086,895</u>

**Business-type activities:**

Revenue bonds payable	\$ 385,600,000	\$	\$ 11,265,000	\$ 374,335,000	\$ 11,750,000
Plus: Unamortized bond Premium	9,992,767		587,736	9,405,031	571,761
Less: Unamortized bond Discount	(543,699)	36,517		(507,182)	(36,517)
Total bonds payable	<u>395,049,068</u>	<u>36,517</u>	<u>11,852,736</u>	<u>383,232,849</u>	<u>12,285,244</u>
Loans payable	502,282		226,416	275,866	135,906
Environmental remediation liability	285,660		250	285,410	
Compensated absences	2,400,980	1,710,468	1,496,218	2,615,230	1,496,218
Deposits	7,625,552	5,388,059	5,118,251	7,895,360	5,082,594
Net pension liability - MBERP	<u>47,662,644</u>		<u>3,435,371</u>	<u>44,227,273</u>	
Business-type activity					
Long-term liabilities	<u>\$ 453,526,186</u>	<u>\$ 7,135,044</u>	<u>\$ 22,129,242</u>	<u>\$ 438,531,988</u>	<u>\$ 18,999,962</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At September 30, 2017, \$1,481,971 in compensated absences and \$5,394,593 in loans payable are included in the above amounts for the internal service funds. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

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**NOTE 11 - Governmental Fund – Fund Balance**

Below is a table of fund balance categories and classifications at September 30, 2017 for the City's governmental funds:

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental
Fund balances:					
<b>Non-spendable:</b>					
Prepays	\$	\$	\$	\$	\$ 52,500
Total Prepaid					52,500
<b>Restricted:</b>					
General government				24,648,544	776,816
Building operations reserves	11,447,181				
Public safety				836,022	2,421,838
Human services					333,033
Physical environment					19,145
Economic environment			69,730,637	2,666,114	1,765,795
Quality of Life Improvement					22,065,802
Transportation				1,058,121	52,675,215
Culture and recreation		22,668,998		182,491,271	1,383,915
Sewer Improvement				81,683	
Street Improvement				12,322,117	
Infrastructure				20,938	
Communications				78,488	
Capital Improvements				13,057,237	
Neighborhood Improvement				6,188,407	
South Pointe Improvement				23,439,444	
Debt service					7,577,195
Total Restricted	11,447,181	22,668,998	69,730,637	266,888,386	89,018,754
<b>Committed:</b>					
Reserve-set aside for future budgets	4,139,000				
General government	1,578,727			1,604,105	
Public safety				77,045	
Culture and recreation					12,239,667
Transportation				2,463,040	
Physical environment				28,358	
Emergencies	51,122,313				
Encumbrances	2,403,000				
Reserve pay as you go				8,153,773	
Capital Reserve				9,996,122	
Other Capital projects				382,366	
Capital Renewal and Replacement					6,655,712
Total Committed	59,243,040			22,704,809	18,895,379
<b>Assigned:</b>					
Reserve-set aside for future budgets	500,000				
Total Assigned	500,000				
<b>Unassigned:</b>					
None-funded Capital				(84,163)	
Public safety					1,654,586
Reimbursable grants funds				(7,548,146)	(7,184,044)
Reimbursable boardup/ Relocation charges					43,868
Non reimbursable grant funds				(89,822)	(1,563,290)
Total Unassigned				(7,722,131)	(7,048,880)
<b>Total Fund Balance</b>	\$ 71,190,221	\$ 22,668,998	\$ 69,730,637	\$ 281,871,064	\$ 100,917,753

The City is pending reimbursement from various grantors for the reimbursable grant funds balance of \$7.2 million. The non-reimbursable grant fund consists of \$1.6 million from the State of Florida HRS grant, homeless job grant, and other grants. Expenditures incurred against these grants were not reimbursed by the grantor and as such, will be funded by the City's other funding sources over time based on available resources.

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**NOTE 12 - Risk Management**

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

The City established an internal service Self-Insurance Fund (the "Fund") to account for its risk financing activities. The Fund pays for all claims and judgments for which the City is liable, for self-insured programs, and the premium costs for insurance policies that protect the City's property and financial interests.

Insurance coverage is procured for losses to City buildings above various deductible amounts. The City maintains excess coverage with an independent insurance carrier solely for Workers Compensation. The City does not maintain excess coverage with independent insurance carriers for general, automobile, police professional and public official liability programs. Premiums are charged to the respective City funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2017 the City paid \$2.7 million in property insurance premiums (including flood insurance).

The Fund derives revenue from all City departments through an allocation formula and from investment income earned on cash and investments within the Fund. The Fund accrues an amount based on an external actuarial computation which includes known claims and an estimate for claims incurred but not yet reported, regardless of the ultimate date of payment or disposition.

The following are the changes in the funds' claims liability amount during fiscal years 2016 and 2017 respectively:

	2016	2017
Unpaid claims, beginning of year	\$ 33,429,000	\$ 31,447,000
Incurred claims (includes incurred but not yet reported)	4,720,251	13,133,111
Less: claim payments	6,702,251	6,082,409
Unpaid claims, end of year	<u>\$ 31,447,000</u>	<u>\$ 38,497,702</u>

The City established an internal service Health Insurance Fund (the "Fund") to account for Medical and Dental activities. Revenues from employee and City premiums are recorded in the Fund. The Fund pays for all claims and the premium cost of "stop loss" insurance coverage. Both medical and dental claims are administered by a third party service provider.

The following are the changes in the funds' claims liability amount during fiscal years 2016 and 2017 respectively:

	2016	2017
Unpaid claims, beginning of year	\$ 1,010,418	\$ 1,284,508
Incurred claims (includes incurred but not yet reported)	17,197,263	21,085,587
Less: claim payments	16,923,173	20,642,384
Unpaid claims, end of year	<u>\$ 1,284,508</u>	<u>\$ 1,727,711</u>

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**NOTE 13 - Pollution Remediation**

GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations establishes accounting and financial reporting standards for pollution remediation obligations. The City has identified five (6) sites that are undergoing pollution remediation activities. These sites and activities are as follows:

1. Miami Beach Golf Course Material Recovery Facility(MRF) - ammonia contamination
2. Miami Beach Golf and Normandy Shores Course - arsenic investigation
3. Former Par 3 Golf Course - arsenic investigation
4. Maurice Gibb Park - hydrocarbon contamination
5. Fleet Management Mechanical Maintenance Facility - synthetic oil investigation
6. Miami Beach Convention Center- arsenic investigation

As of September 30, 2017, the City has recorded pollution remediation liabilities of \$135,410 in the Sanitation fund and \$150,000 in the Convention Center fund for a total of \$285,410 in the business-type activities for the Miami Beach Golf Course and Miami Beach Convention Center respectively; and \$1,800,000 in the capital project fund and governmental activities for the Maurice Gibb Park, Former Par 3 Golf Course and Miami Beach Convention Center. Other remediation or monitoring costs were deemed immaterial and will be paid from annual operating expenses. These obligations are estimates and are subject to change depending on price increases or reductions, technology, and changes in laws and regulations.

**NOTE 14 - Significant Commitments and Contingencies**

The City, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the City. Probable losses are accrued in the City's Risk Self-Insurance fund.

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. Audits for these programs are to be conducted at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

**NOTE 15 – Current and Advance Refunding**

The City did not issue any current or advanced refunding obligations during fiscal year 2017.

**NOTE 16 - Pension Plan**

**A. Miami Beach Employees' Retirement Plan (MBERP)**

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

Investments are recorded at fair value, except for short-term investments which are reported at amortized cost, in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement

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of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The Miami Beach Employees' Retirement Plan (the Plan) is a single employer defined benefit pension plan for general employees established by the City of Miami Beach, Florida (the City) effective March 18, 2006. The Miami Beach Employees' Retirement System was created under and by the authority of Chapter 18691, Laws of Florida, Act of 1937, as amended, by merging the "Retirement System for General Employees of the City of Miami Beach" created by Ordinance 1901 with the "Retirement System for Unclassified Employees and Elected Officials of the City of Miami Beach" created by Ordinance 88-2603, as amended.

Members are full-time employees, classified and unclassified positions, who work more than 30 hours per week except for policemen and firemen and persons who elect to join the defined contribution retirement Plan sponsored by the City. Membership consisted of the following as of October 1, 2015, the date of the latest actuarial valuation:

Inactive plan members and beneficiaries currently receiving benefits	1,046
Inactive plan members entitled but not yet receiving benefits	207
Active plan members	1,082
Total members	<u>2,335</u>

The plan provides for retirement benefits as well as death and disability benefits at three different tiers depending on when the members entered the Plan.

The First Tier is for members who entered the Plan prior to the Second Tier Dates. The Second Tier is for members who entered the Plan on or after the Second Tier Dates but before the Third Tier Dates. The Third Tier is for members who entered the Plan on or after the Third Tier Dates. Both the Second Tier and Third Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as Other and GSAF, and February 21, 1994 for members of CWA. The Third Tier Dates are September 30, 2010 for members of AFSCME, GSAF and for those classified as other, and October 27, 2010 for members of CWA.

Classified members administered under the First Tier are eligible for normal retirement at age 50 and five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings (FAME) multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15 years, with the total not to exceed 90% of FAME. First Tier unclassified members accrued 4% for creditable service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME. Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and five years of creditable service and are entitled to benefits of 3% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. Classified and unclassified members administered under the Third Tier are eligible for Normal Retirement at age 55 with at least 30 years of creditable service, or age 62 with at least five years of creditable service and are entitled to benefits of 2.5% of FAME multiplied by creditable service, subject to a

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maximum of 80% of FAME. For elected officials, City Manager or City Attorney, the benefit is 4% of FAME for each year of creditable service as an elected official, city manager or city attorney plus the retirement benefit as defined above for any other period of city employment, subject to a maximum of 80% of FAME.

Final average monthly earnings (FAME) means one-twelfth of the average annual earnings during the highest two paid years of credible service. For Unclassified First Tier members who became a member prior to October 18, 1992 and was continuously a member from that date until March 18, 2006, FAME is defined as the larger of one-twelfth average covered salary during the two highest paid years of creditable service or one-twelfth of the pay of the year immediately preceding March 18, 2006. Effective as of September 30, 2010, FAME for members who have obtained normal retirement age or are within 24 months from normal retirement age is defined as average covered salary during the two highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 24 and 36 months from normal retirement age is defined as average covered salary during the three highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 36 and 48 months from normal retirement age is defined as average covered salary during the four highest paid years of creditable service. FAME for those members who as of September 30, 2010 are more than 48 months from normal retirement age is defined as average covered salary during the five highest paid years of creditable service. A Member with five or more years of creditable service may, at any time prior to retirement, elect to purchase a maximum of two years additional creditable service. Effective September 30, 2013, Members whose classification is included in the CWA and GSAF bargaining unit and Members who are not included in any collective bargaining unit shall not be eligible to purchase additional creditable service. Effective April 23, 2015, members whose classifications are included in the AFSCME bargaining unit are not eligible to purchase additional creditable service.

Any First Tier member who terminates employment may either request a refund of their own contributions plus interest, or receive their accrued benefit beginning at age 50, if at least five years of creditable service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of creditable service may either request a refund of their own contributions plus interest or receive their accrued benefit beginning at age 55. Any Third Tier member who entered on or after the Third Tier Date and who terminates employment after five years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age 62.

Deferred Retirement Option Plan (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, First and Second Tier members who have attained eligibility for Normal Retirement may continue working with the City for up to three years, while receiving a retirement benefit that is deposited into a DROP account. Third Tier members may participate in a DROP account for up to five years. Effective July 17, 2013, Members within classifications in the CWA bargaining unit who were hired prior to October 27, 2010, and Members not included in any bargaining unit who were hired prior to September 10, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefit paid into a DROP account during the DROP period. Effective October 1, 2013, any member within classifications in the GSAF bargaining unit may elect to retire for the purposes of the Program but continue employment with the City for up to sixty months, and have their monthly retirement paid into a DROP account during the DROP period. Effective April 23, 2014, members within classifications in the AFSCME bargaining unit who were hired prior to September 30, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefits paid into a DROP account during the DROP period. The amount of the benefit is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant. A member's creditable service, accrued benefit and compensation calculation shall be frozen.



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A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant. Upon termination of employment, a member may receive distributions in accordance with the Plan.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. First and Second Tier members receive an annual cost-of-living adjustment (COLA) of 2.5%. The COLA is not payable while members are in the DROP. For Third Tier members the COLA is 1.5%. As of September 30, 2017, there were 129 members in the DROP and the value of DROP investment was \$16,100,212, which is included in the Plan's net position. The DROP also allows for member loans. Approximately \$244,000 in loans were outstanding as of September 30, 2017.

Funding Policy, Contributions Required and Contributions Made

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members. All First Tier members who participate are required to contribute 12% of their covered salary to the Plan. All Second and Third Tier members are required to contribute 10% of their covered salary. The City Commission has the authority to increase or decrease contributions.

For the fiscal year ended September 30, 2017, the City was required to make contributions of \$29,358,098 or 38.55% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2015. For the year ended September 30, 2017, the employees contributed \$7,871,072 and buybacks were \$905,574.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$1,357,412. At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,317,247	\$ 1,719,428
Change in Assumptions	14,857,073	
Net Difference between projected and actual earnings on pension plan investments	10,457,486	
City contributions subsequent to the measurement date	29,358,098	
	<u>\$ 55,989,904</u>	<u>\$ 1,719,428</u>

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City contributions of \$29,358,098 subsequent to the measurement date that are reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended September 30:

2018	\$ 9,466,984
2019	8,389,239
2020	9,039,421
2021	(1,983,266)
Total	<u>\$ 24,912,378</u>

The following methods and assumptions were used to determine the total pension liability at the actuarial valuation date of October 1, 2015. The actuarial valuation was rolled forward to the September 30, 2016 measurement date.

Actuarial Cost Method	Entry Age Normal
Inflation	3.0%
Salary Increases	4.5% to 7.0% depending on service, including inflation
Investment Rate of Return	7.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after year 2000 to the year 2010 using Scale AA.

Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2017 were as follows:

Total pension liability	\$ 759,676,742
Plan fiduciary net position	<u>(555,001,936)</u>
Net pension liability	<u>\$ 204,674,806</u>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities	39%	4.67%
Fixed income	28	0.97
International equities	16	5.81
Real estate	10	3.72
Infrastructure	7	5.28
Total	<u>100%</u>	

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**(Continued)**

Discount

A single discount rate of 7.70% was used to measure the total pension liability. This is a decrease of 0.15% from the discount rate of 7.85% used in the prior measurement. This single discount rate was based on the expected rate of return on Pension Plan investments of 7.70%. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments (7.70%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following table shows the components of the City's annual pension liability and related plan fiduciary net position measured as of September 30, 2016:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2015	\$ 723,989,446	\$ 507,584,533	\$ 216,404,913
Changes for the year:			
Service cost	12,906,811		12,906,811
Interest	56,164,518		56,164,518
Difference between expected and actual experience of the total pension liability	(2,210,692)		(2,210,692)
Changes of assumptions	11,676,037		11,676,037
Contributions – employer		27,783,852	(27,783,852)
Contributions – employee		7,341,533	(7,341,533)
Net investment income		55,818,905	(55,818,905)
Benefit payments	(41,900,843)	(41,900,843)	
Refunds	(948,535)	(948,535)	
Administrative expense		(677,509)	677,509
Net changes	35,687,296	47,417,403	(11,730,107)
Balances at September 30, 2016	\$ 759,676,742	\$ 555,001,936	\$ 204,674,806

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using a single discount rate of 7.70 percent, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.70%	Current Single Discount Rate Assumption 7.70%	1% Increase 8.70%
\$ 291,053,273	\$ 204,674,806	\$ 132,262,794

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**B. Retirement System for Firefighters and Police Officers (MBF&P)**

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Share plan contributions are recognized as revenues in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend rate.

Investments are recorded at fair value in the Statement of Fiduciary Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 the City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The plan is a single employer defined benefit plan established by the City of Miami Beach, Florida (The "City") and was created under Chapter 23414, Laws of Florida, Special Acts of 1945, as amended through October 14, 2015. The Plan's governing board is the Board of Trustees, which comprises nine members: three of which are elected by the fire department, three of which are elected by the police department, and three of which are appointed by the mayor. Members are substantially all police officers and firefighters employed by the City of Miami Beach, Florida. Members are further divided in the following three tiers:

Tier One members are those hired prior to July 14, 2010.

Tier Two members are those hired on or after July 14, 2010, but prior to September 30, 2013.

Tier Three members are those hired on or after September 30, 2013, but prior to June 8, 2016 and July 20, 2016 for Fire Department and Police Department members, respectively.

Tier Four members are those hired on or after June 8, 2016 and July 20, 2016 for Fire Department and Police Department members, respectively

*Tier One members*

Members who met eligibility to retire prior to September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when age and length of creditable service equals to at least 70 years. Members eligible to retire on or after September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 47 and length of creditable service equals to at least 70 years.

Upon retirement, a member who met eligibility to retire on or before September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan

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ordinance, for each of the first 15 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 15 years, provided that the pension does not exceed 90% of the average monthly salary. Members who met eligibility to retire on or after to September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. All retirees and beneficiaries receiving a monthly pension as of September 30, 2010 will receive a 2.5% increase in benefits on October 1<sup>st</sup> of each year. Members that retire on or after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

*Tier Two members*

Any member may retire on a service retirement pension upon the attainment of age 50 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the three highest paid years prior to the date of retirement or the average of the last three paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

*Tier Three members*

Any member may retire on a service retirement pension upon the attainment of age 50 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the five highest paid years prior to the date of retirement or the average of the last five paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

*Tier Four members*

Any member may retire on a service retirement pension upon the attainment of age 52 and the completion of at least 5 years of credible pension service or, if earlier, the date when the member attains age 48 plus the length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the five highest paid years prior to the date of retirement or the average of the last five paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension

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plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

Any member of the plan who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on an accidental disability pension. For a service connected disability, the minimum pension payable is 85% of monthly salary of the employee at the time of disability retirement, less any offset for worker's compensation. Any member who becomes totally or permanently disabled after 5 years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension. Upon disability retirement, a member receives a monthly pension equal to their service retirement benefits. For a non-service connected disability, the pension is the accrued benefit after 5 years of creditable service. The plan also provides death benefits for beneficiaries or members for service connected and non-service connected death.

If a member resigns or is lawfully discharged before retirement, their contributions with 3% interest per annum are returned to them. The Plan also provides a special provision for vested benefits for members who terminate after 5 years of service.

In the alternative and in lieu of the normal form of benefit, the member may, at any time prior to retirement, elect to receive a lifetime retirement benefit with 120 monthly payments guaranteed. If the member should die before 120 monthly payments are made, benefits will continue to be paid to the member's designated beneficiary for the balance of the 120 month period. If the retired member is living after 120 monthly payments are made, the payments shall be continued for the member's remaining lifetime. In case of termination of the Plan, benefits accrued to members to the extent funded will be non-forfeitable.

At October 1, 2016 the plan membership consisted of the following:

Active Members	494
Deferred Vested Members	25
Retired Members:	
a. Service	569 *
b. Disabled	52
c. Beneficiaries	121
	<hr/>
	742
Total	<hr/> 1,261 <hr/>

\* Including members in the DROP

Deferred Retirement Option Plan (DROP)

An active member of Tier One may enter into the DROP on the first day of any month after meeting eligibility to retire. Members who entered the DROP on or before September 30, 2015, shall be eligible to participate for a period not to exceed 72 months. Members who entered the DROP on or after October 1, 2015, shall be eligible to participate for a period not to exceed 96 months. All members shall receive a 2.5% COLA increase in benefits annually on the anniversary date of the member's entry into the DROP, in conjunction with a few annual exceptions.

An active member of Tier Two, Three or Four may enter into the DROP on the first day of any month after meeting eligibility to retire. Members who entered the DROP on or after October 1, 2015, shall be eligible to participate for a period not to exceed 96 months. All members shall receive a 1.5% COLA increase in benefits annually on the anniversary date of the member's entry into the DROP, in conjunction with a few annual exceptions.

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Once a member enters the DROP, their monthly retirement benefit is fixed, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including earnings, is payable to them and they will begin to receive their normal retirement benefit.

At September 30, 2017, the total amount of the Deferred Retirement Option Plan payable, \$27,732,355, represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

Funding Policy, Contributions Required and Contributions Made

The City (the "Employer") is required to contribute an actuarially determined amount that, when combined with members' contributions, will fully provide for all benefits as they become payable. All Tier One and Tier Two members are required to contribute 10% of their salary to the Plan, while all Tier Three members are required to contribute 10.5% of their salary to the Plan. The City Commission has the authority to increase or decrease contributions.

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2017, was \$35,247,317 and 120,549 respectively. Covered payroll excluding DROP members was \$59,907,167. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2017, was actuarially determined by the October 1, 2015 valuation to be \$34,970,641.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$15,585,110. At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 20,519,846
Changes in assumptions	5,017,298
City contributions subsequent to measurement date	35,247,317
Net difference between projected and actual earnings on pension plan investments	19,327,820
	<u>\$ 80,112,281</u>

City contributions of \$35,247,317 subsequent to the reporting date that are reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended September 30:

2018	\$ 15,778,062
2019	14,527,008
2020	14,425,951
2021	133,943
2022	
Thereafter	
Total	<u>\$ 44,864,964</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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The following methods and assumptions were used to determine the total pension liability at the actuarial valuation date of October 1, 2015. The actuarial valuation was rolled forward to the September 30, 2016 measurement date.

Actuarial Cost Method	Entry Age Normal
Inflation	3.0%
Salary Increases	0.7% – 10.7%
Cost-of-Living Increases	1.5%, 2.0% or 2.5%
Investment Rate of Return	7.90%, compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants, RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar Adjustment and projected 15 years from valuation date for pre-retirement mortality and 7 years from valuation date for post-retirement mortality with projection Scale AA. For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, without projection for future mortality improvement.

Discount

A discount rate of 7.90% was used to measure the September 30, 2016 total pension liability; a decrease from the prior year rate of 7.95%. This discount rate was based on the expected rate of return on Fund investments of 7.90%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined current contribution rates and the member contribution rate. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future expected benefit payments to current Fund members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2017 were as follows:

Total pension liability	\$ 1,104,054,031
Plan fiduciary net position	(806,424,132)
Net pension liability	<u>\$ 297,629,899</u>

The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Asset Class	Assumed Asset Allocation
Domestic equities	50%
Fixed income	35%
International equities	5%
Real estate equity	5%
Cash/short-term investments	5%
Total	<u>100%</u>



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Asset Class	Long-Term Expected Real Rate of Return*	
	2017	2016
Domestic equity	7.50%	7.50%
International equity	8.50	8.50
Domestic bonds	2.50	2.50
International bonds	3.50	3.50
Real estate	4.50	4.50
Alternative investments	6.24	5.45

\*Real rates of return are net of the long-term inflation assumption of 2.5% for 2017 and 2016.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2015	\$1,041,447,645	\$ 750,617,498	\$ 290,830,147
Changes for the year:			
Service cost	17,803,602		17,803,602
Interest	82,627,847		82,627,847
Difference between expected and actual experience	14,588,712		14,588,712
Changes of assumptions	2,447,885		2,447,885
Contributions – employer		34,970,641	(34,970,641)
Contributions – employee		5,984,397	(5,984,397)
Net investment income		70,539,300	(70,539,300)
Benefit payments, including refunds	(54,861,660)	(54,861,660)	
Administrative expense		(826,044)	826,044
Net changes	62,606,386	55,806,634	6,799,752
Balances at September 30, 2016	\$1,104,054,031	\$ 806,424,132	\$ 297,629,899

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using a single discount rate of 7.90 percent, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.90%	Current Discount Rate 7.90%	1% Increase 8.90%
\$ 434,381,124	\$ 297,629,899	\$ 184,950,173

**CITY OF MIAMI BEACH, FLORIDA**  
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**C. Florida's Federal-State Social Security Agreement**

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. Instead, it provides eligible employees a comprehensive defined benefit pension plan. Contributions to Social Security for fiscal year 2017 and 2016 would have been \$9,966,057.94 and \$9,640,754, respectively. The City of Miami Beach does participate in the hospital insurance tax, also known as Medicare, and withholds taxes accordingly.

**D. Firemen's and Police Relief and Pension Funds**

The City's firefighters and police officers are members of two separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. This tax, which is collected from insurers by the State of Florida, is remitted to the Plans' Boards of Trustees. The City is under no obligation to make any further contributions to the plans. The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2016 was \$1,430,342 for firefighters and \$799,641 for police officers. These payments were recorded on the City's books as revenues and expenditures during the fiscal year.

Plan benefits are allocated to participants based upon their service during the year and the level of funding received during the year. Participants are fully vested after 10 years of service with no benefits vested prior to 10 years of service, except those prior to June 1983. All benefits are paid in a lump sum format, except for the Police Relief Funds, where participants may also elect not to withdraw or to partially withdraw, his or her retirement funds.

**E. Defined Contribution Retirement Plan-401(A)**

Effective October 18, 1992 City's Ordinance No. 92-2813 provided for the creation of a Defined Contribution Retirement Plan (the "Plan") under section 401(A) of the internal revenue code of 1986. The Plan provides retirement and other related benefits for eligible employees as an option over the other retirement systems sponsored by the City.

Any person employed on or after October 18, 1992, in the unclassified service of the City, has the right to select the Plan as an optional retirement plan to the Unclassified Employees and Elected Officials Retirement System. At the time of the Ordinance, employees of the City who were members of the Unclassified Employee and Elected Official Retirement System (the "System") had the irrevocable right to elect to transfer membership from the System to the Plan for a limited period of time. Effective March 19, 2006 the Plan is no longer offered to new employees of the City. Employees participating in the Plan prior to March 19, 2006 were given the option to transfer membership to the System.

The Plan is administered by a Board of Trustees, which has the general responsibility for the proper operation and management of the Plan. The Plan complies with the provisions of section 401(A) of the Internal Revenue Code of 1986 and may be amended by the City Commission of the City. The City has no fiduciary responsibility for the Plan, consequently, amounts accrued for benefits are not recorded in the fiduciary fund.

Employees in the Plan hired prior to February 21, 1994 are required to contribute 10% of their salary while those hired subsequent to February 21, 1994 are required to contribute 8% of their salary. The City matches the employee's contribution 100%. The Plan of each employee is the immediate property of the employee. Employees have Nationwide Retirement Solutions or IMCA-RC as their plan administrator. In addition, the employee is responsible for the investment of their funds amongst choices of investment vehicles offered by their selected plan administrator.

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Plan information as of and for the fiscal year ended September 30, 2017 is as follows:

Members in the Plan		30
City's contribution	\$ 142,594	
Percentage of covered payroll		8.10%
Employees' contribution	142,558	
Percentage of covered payroll		8.10%

**F. Aggregate Pension Amounts**

The below chart shows the aggregate fiscal year 2017 pension liabilities, deferred inflows, deferred outflows, and pension expenses by pension plan:

<u>Account</u>	<u>Miami Beach Employees' Retirement System</u>	<u>Retirement System for Firefighters and Police Officers (MBF&amp;P)</u>
Net pension liability	204,674,806	297,629,899
Deferred outflows	55,989,904	80,112,281
Deferred inflows	1,719,428	
Pension expense	1,357,412	15,585,110

**Financial Statements**

Each of the Retirement Systems is audited separately. Complete financial statements can be obtained at the following offices:

City of Miami Beach Employee  
Retirement System  
1700 Convention Center Drive  
Miami Beach, Florida 33139

City of Miami Beach Retirement System for  
Firefighters and Police Officers  
1691 Michigan Ave. Suite 555  
Miami Beach, Florida 33139

Miami Beach Policemen's Relief  
and Pension Fund  
999 11<sup>th</sup> Street  
Miami Beach, Florida 33139

Miami Beach Firemen's Relief and Pension Fund  
City of Miami Beach  
2300 Pine Tree Drive  
Miami Beach, Florida 33140

**NOTE 17 - Postemployment Benefits Other than Pension Benefits (OPEB)**

**Plan Description**

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City's single employer defined benefit Postemployment Benefit Plan (the "Plan") currently provides the following postemployment benefits:

1. Health and Dental Insurance - Employees hired prior to March 18, 2006 are eligible to receive a 50% health insurance contribution of the total premium cost. At age 65, if the retiree is eligible for Medicare Part B, the City contributes 50% of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an offset to the retiree premium equal to \$10 per year of credible service, up to a maximum of \$250 per month until age 65 and \$5 per year of credible service up to a maximum of \$125, thereafter.

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2. Life Insurance (\$1,000)

At September 30, 2008 and pursuant to resolution 2009-27024 the City established an OPEB Trust (the "Trust") and began funding its OPEB obligation. Stand-alone financial statements for the Trust are not prepared.

The City's plan's board is comprised of a Board of Trustees. The Board of Trustees is comprised of three members. The members are the City's Chief Financial Officer or designee, Budget and Performance Improvement Director or designee, and the Human Resources Officer of designee. Each member has a term of four years.

The determination of the net OPEB obligation at September 30, 2017 is based on a valuation date of September 30, 2017. At this time, the plan participation consisted of:

Active OPEB plan participants	2,248
Inactive members receiving benefit payments	1,177
Inactive members entitled to but not yet receiving benefit payments	0
Total	<u>3,425</u>

Funding Policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2017, the City paid \$10,111,628 in OPEB benefits on a pay-as-go basis and \$539,279 to the Trust. The City's GASB 45 net OPEB obligation at September 30, 2017 was \$62,501,455. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required.

OPEB Plan Assets and Policies

The Plan's investment composition is controlled by the City's OPEB Trust investment policy as adopted by the OPEB Trustee and as limited by Florida Statute. 218.415. The Trustee utilizes an investment manager to invest the trust assets. The policy determines the maximum and minimum allocations between investment classes; as noted below. The investment policy may be amended with a majority vote of the OPEB Trustee members. It is the City's policy to maximize the returns of the plan's asset through diversification of equities and fixed income securities without a significant investment in cash or cash equivalents. The composition of the Plan's investments at September 30, 2017 in comparison to the Plan's investment policy is noted below:

	Allocation Mix		
	Minimum	Target	Maximum
Equity Investments	40%	60%	75%
Fixed Income	25%	39%	60%
Cash and Equivalents (Money Market)	0%	1%	100%
Total			

Please refer to note 3 for more detailed information regarding the OPEB Trusts' plan assets.

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Rate of Return

As of September 30, 2017, the annual money-weighted rate of return, net of OPEB plan expenses, was 12.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The rate of return incorporates the timing and size of cash flows to determine an internal rate of return on a monthly accrual basis. Cash flows used in the calculation excludes reinvested dividends, unrealized and realized gains or losses, and other fees and charges not converted into cash. Contributions are treated as a positive cash flow and benefit payments as a negative cash flow.

Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation. For unfunded plans, interest rate using a long-term expected rate of return on tax-exempt, high-quality municipal bond. For funded plans, the expected long-term rate of return on trust assets, to the extent the net fiduciary position is projected to be sufficient to provide the benefits. For partially funded plans or if a funded shortfall is projected, the interest rate is blended between the funded and the unfunded rate. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. The long-term expected rate of return on the plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For the fiscal year ended 2017, the discount rate used for the actuarial valuation was 8.0% based on the long term expected rate of return on the City's OPEB Trust as a whole. The City's current OPEB plan investment allocation is noted on page 99.

Receivables

As of September 30, 2017, the plan had \$539,279 in receivables from the City. The amount represents the fiscal year's funding based on the GASB 45 liabilities.

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30, 2017, were as follows:

Total OPEB Liability	\$ 179,905,825
OPEB Plan Fiduciary's Net Position	31,001,223
Net OPEB Liability	<u>\$ 148,904,602</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.2%

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Schedule of Deferred Inflows/Outflows

	Net Deferred Outflows/(Inflows)
Net difference between projected and actual investments	\$ (913,282)
Total	<u>\$ (913,282)</u>

Amortization of Net Deferred Outflow/(Inflow)

Year	Amortization
2018	\$ (228,321)
2019	(228,321)
2020	(228,321)
2021	(228,319)
2022	-
Thereafter	-
	<u>\$ (913,282)</u>

The above amounts have not been recorded in the financial statements. The City will implement GASB 75, which requires the recording the above amounts, in fiscal year 2018 as required by GAAP and the standard. The above represents the measures and values as determined by an actuarial calculation under GASB 74 (implemented) and GASB 75 (effective for FY 2018). Beginning in fiscal year 2018, the above liability and related deferred outflows and deferred inflows will be recorded

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**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2017
Discount Rate	8.00% per annum. This was based on the estimated long term rate of return from the City's OPEB trust
Asset Valuation Method	Fair Market Value
Current Asset Mix	Currently the City is targeted to invest approximately 60% in equities and 39% in bonds, with the remainder as cash.
Salary Increase Rate	3.5% per annum
Inflation Rate	2.0% per annum
Census Data	The census was provided by the City as of August 2017.
Marriage Rate	It is assumed that 40% of future retirees have a spouse. This is based on the current retiree demographic.
Spouse Age	Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are amortized over a closed period of five years starting on October 1, 2016.
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of future retirees will participate in the retiree medical plan and 100% participate in the life insurance plan. For those employees hired after 3/18/2006, it is assumed that 40% continue on the plans post-Medicare. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Pre-medicare Medical and Rx	7.00%	4.50%
Medicare Benefits	6.00	4.50
Stop Loss Fees	7.00	4.50
Administrative Fees	4.50	4.50

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

The Per Capita Health Claim Costs for expected retiree claim costs were developed using historical claim experience through September 2017. For the police and fire plans, the claims were developed based on the premium equivalents and age adjusted. The annual age 60 and 70 claim costs for retirees and their spouses are as follows:

<u>Per Capita Costs</u>	<u>Age 60</u>	<u>Age 70</u>
Police	\$ 10,554	\$ 5,630
Fire	10,974	5,979
Other	11,135	7,043

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> <u>(7%)</u>	<u>Discount Rate</u> <u>(8%)</u>	<u>1 % Increase</u> <u>(9%)</u>
Net OPEB Liability	\$ 164,007,449	\$ 148,904,602	\$ 120,988,708

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- ppercentage-point higher (than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend</u> <u>Rate</u> <u>(Refer to assumptions)</u>	<u>1 % Increase</u>
Net OPEB Liability	\$ 121,085,546	\$ 148,904,602	\$ 163,545,632

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**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

Annual OPEB Cost and Net OPEB Obligation per GASB 45

The annual cost (expense) of the City's Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and the change in the net OPEB obligation.

Annual required contribution	\$ 12,445,848
Interest on net OPEB obligation	4,750,955
Adjustment to annual required contribution	<u>(3,431,652)</u>
Annual OPEB cost (expense)	13,765,151
Contributions made	<u>(10,650,628)</u>
Net OPEB obligation	3,114,523
Net OPEB obligation - beginning of year	<u>59,386,932</u>
Net OPEB obligation - end of year	<u><u>\$ 62,501,455</u></u>

Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due, as follows:

Year Ended September 30,	Annual OPEB Cost	Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 17,351,000	\$ 8,882,000	51%	\$ 47,202,000
2015	15,307,000	9,463,000	62	53,063,932
2016	16,758,958	10,435,958	62	59,386,932
2017	13,765,151	10,650,628	77	62,501,455

Funded Status and Funding Progress

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of the funded status as of the most updated actuarial information is as follows.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Participants Covered Payroll	UAAL as % of Participants Covered Payroll
10/1/2016	\$ 27,013,566	\$ 173,242,455	\$ 146,228,889	15.6%	\$ 142,146,603	102.9%

For the September 30, 2017 OPEB Trust Fund financial statements, please refer to pages 131-132.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(Continued)**

**NOTE 18 – Tax Abatement Disclosures**

For the fiscal year ended September 30, 2017, the City is not aware of and has not made any commitments or agreements to reduce property taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

**NOTE 19 – Special and Extraordinary Items**

Special Item

During the fiscal year, portions of the Miami Beach Convention Center were demolished or disposed of for the renovation and expansion of the new Convention Center. Total Convention Center dispositions of \$68.9 million are reported as a special item on the Statement of Activities (pg. 27) and the Statement of Revenues, Expenses, and Changes in Net Position (pg.33). Although within the control of the City's management, the total reconstruction of such a historic, longstanding, and iconic building is not a frequent occurrence for the City.

Extraordinary Item

Between July and December 2016, the City was the victim of fraudulent banking withdrawals totaling \$3,686,712. As of September 30, 2016, the City had a remaining unrecovered balance of \$1,858,398. Through September 30, 2017, the City has recovered \$769,066 of the \$1,858,398 that was unrecovered at September 30, 2016. The recovered amount has been recorded as revenue, classified as an extraordinary item, in the City's general fund on pg. 30 and in the governmental activities of the on pg. 27.

**NOTE 20 – Subsequent Events**

On December 14, 2017 the City issued at par value \$115.2 million Water and Sewer Revenue Bonds secured by the net revenues of the City's combined water and sewer system. The Series 2017 Bonds are being used for the purpose of providing funds to finance the cost of certain capital improvements as part of the City's multi-year program to upgrade the facilities and enhance the effectiveness and reliability of the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000 Bonds, prepayment of all outstanding Series 2006B-2 Bonds, and prepayment of all the outstanding Series 2006E Bonds. The Bonds were issued with interest rates of 3.00% to 5.00%, payable semi-annually on March 1 and September 1, and will mature serially through September 2047. The bonds will be repaid solely from the pledged revenues of the Water & Sewer System.

On December 22, 2017 the City issued at par value \$156.6 million Storm Water Revenue Bonds secured by the net revenues of the City's storm water system. The Series 2017 Bonds are being used for the purpose of providing funds to finance a portion of the costs of certain capital improvements as part of the City's multi-year program to improve and enhance the effectiveness and reliability of the stormwater Utility as well as provide for the advance refunding and defeasance for a portion of the outstanding 2011A Bonds and 2011B Bonds. The City will provide for the refunded bonds to be redeemed on September 1, 2021 at a redemption price equal to the principal amount of the refunded bonds, without premium. The Bonds were issued with interest rates of 3.00% to 5.00%, payable semi-annually on March 1 and September 1, and will mature serially through September 2037. The bonds will be repaid solely from the pledged revenues of the Storm Water System.

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# **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS BY EMPLOYER AND OTHER CONTRIBUTING ENTITIES**  
**MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM (MBERP)**  
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$29,358,098	\$27,783,852	\$26,317,983	\$25,602,030	\$21,222,051	\$17,583,191	\$14,474,678	\$17,137,394	\$12,863,823	\$13,911,545
Actual contribution	29,358,098	27,783,852	26,456,580	25,602,030	21,222,051	17,583,191	14,474,678	17,137,394	12,863,823	13,911,545
Contribution deficiency (excess)	\$ -	\$ -	\$ (138,597)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$76,154,912	\$71,863,150	\$82,359,302	\$76,362,960	\$65,054,000	\$66,347,000	\$68,844,000	\$70,098,000	\$68,010,000	\$59,632,000
Actual contribution as a % of covered payroll	38.55%	38.66%	32.12%	33.53%	32.62%	26.50%	21.03%	24.45%	18.91%	23.33%

**Notes to Schedule of Contributions**

Valuation Date

October 1, 2015

Notes Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Dollar, Closed

Remaining Amortization Period

30 years

Asset Valuation Method

5-year smoothed market

Inflation

3.0%

Salary Increases

4.5% to 7.0% depending on service, including inflation

Investment Rate of Return

7.70%

Retirement Age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after 2000 to the year 2010 using Scale AA

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS BY EMPLOYER AND OTHER CONTRIBUTING ENTITIES**  
**RETIREMENT SYSTEM FOR FIREFIGHTERS AND POLICE OFFICERS (MBF&P)**  
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$35,367,866	\$34,970,641	\$33,149,388	\$35,960,326	\$39,492,050	\$36,297,459	\$32,811,570	\$23,403,818	\$20,159,995	\$17,618,045
Actual contribution	35,367,866	34,970,641	33,149,388	35,960,326	39,492,050	36,297,459	32,811,570	23,403,818	20,159,995	17,618,045
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (excluding DROP)	\$59,907,167	\$56,759,632	\$56,545,113	\$50,740,542	\$47,164,030	\$53,273,735	\$49,041,435	\$49,144,179	\$50,393,490	\$49,192,010
Actual contribution as a % of covered payroll	59.04%	61.61%	58.62%	70.87%	83.73%	68.13%	66.91%	47.62%	40.01%	35.81%

**Notes to Schedule of Contributions**

Valuation Date  
Notes  
Actuarially determined contributions are calculated as of October 1st - two years prior to the fiscal year in which contributions are reported.  
MBF&P actual contributions include certain Chapter 175/185 non-employer contribution amounts. These amounts are from the State of Florida.

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Payroll Growth	3.3%
Salary Increases	0.70% - 10.71%
Investment Rate of Return	7.90%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
	For healthy participants, RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar
	adjustment and projected 15 years from valuation date for pre-retirement mortality and 7 years from
	valuation date for post-retirement mortality with projection Scale AA. For disabled participants, RP-2000 Disabled Mortality Tables, separate
	rates for males and females, without projection for future mortality improvements.
Mortality	1.5%, 2.0% or 2.5%
Cost-of-Living Increases	

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM (MBERP)**  
**(Unaudited)**

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 12,906,811	\$ 11,795,411	\$ 12,306,795
Interest	56,164,518	54,152,569	51,809,378
Benefit changes			(1,183,267)
Differences between expected and actual experience	(2,210,692)		4,909,738
Changes of assumptions	11,676,037	11,026,357	
Benefit payments	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	(948,535)	(941,310)	(1,143,866)
Other		311,076	311,077
Net change in total pension liability	35,687,296	40,470,087	29,508,455
Total pension liability - beginning	723,989,446	683,519,359	654,010,904
Total pension liability - ending	<u>\$ 759,676,742</u>	<u>\$ 723,989,446</u>	<u>\$ 683,519,359</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 27,783,852	\$ 26,456,580	\$ 25,602,030
Contributions - member	7,341,533	7,310,183	7,373,407
Net investment income	55,818,905	(5,048,406)	51,773,646
Benefit payments	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	(948,535)	(941,310)	(1,143,866)
Administrative expenses	(677,509)	(706,283)	(668,851)
Net change in plan fiduciary net position	47,417,403	(8,803,252)	45,434,966
Plan fiduciary net position - beginning	507,584,533	516,387,785	470,952,819
Plan fiduciary net position - ending	<u>\$ 555,001,936</u>	<u>\$ 507,584,533</u>	<u>\$ 516,387,785</u>
City's net pension liability	\$ 204,674,806	\$ 216,404,913	\$ 167,131,574
Plan fiduciary net position as a percentage of the total pension liability	73.06%	70.11%	75.55%
Covered payroll	\$ 71,863,150	\$ 82,359,302	\$ 76,362,960
Net pension liability as a percentage of covered payroll	284.81%	262.76%	218.86%

**Notes to Schedule:** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

From fiscal year 2016 to 2017, the discount rate used to determine the net pension liability decreased from 7.85% to 7.70%.

From fiscal year 2015 to 2016, the discount rate used to determine the net pension liability decreased from 8.00% to 7.85%.

Effective as of October 1, 2016 the discount rate assumption was lowered from 7.70% to 7.65% and the mortality assumption was changed to the same mortality rates used for Regular Class members of the Florida Retirement System (FRS) in their Actuarial Valuation as of July 1, 2016. These assumption changes were not reflected as of the September 30, 2016 measurement date. See Discussion of Valuation Results in the October 1, 2015 and the October 1, 2016 Actuarial Valuation Reports.

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**RETIREMENT SYSTEM FOR FIREFIGHTERS AND POLICE OFFICERS (MBF&P)**  
**(Unaudited)**

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 17,803,602	\$ 16,098,560	\$ 14,763,595
Interest	82,627,847	78,415,039	75,108,912
Differences between expected and actual experience	14,588,712	12,428,547	7,685,043
Changes of assumptions	2,447,885	5,686,196	
Benefit payments, including refunds of member contributions	(54,861,660)	(62,686,716)	(53,605,094)
Net change in total pension liability	62,606,386	49,941,626	43,952,456
Total pension liability - beginning	1,041,447,645	991,506,019	947,553,563
Total pension liability - ending	<u>\$ 1,104,054,031</u>	<u>\$ 1,041,447,645</u>	<u>\$ 991,506,019</u>
<b>Plan fiduciary net position</b>			
Contributions - City and State	\$ 34,970,641	\$ 33,149,388	\$ 35,960,326
Contributions - member	5,984,397	5,944,414	5,258,974
Net investment income	70,539,300	5,689,333	72,259,674
Benefit payments, including refunds of member contributions	(54,861,660)	(62,686,716)	(53,605,094)
Administrative expenses	(826,044)	(777,493)	(905,130)
Net change in plan fiduciary net position	55,806,634	(18,681,074)	58,968,750
Plan fiduciary net position - beginning	750,617,498	769,298,572	710,329,822
Plan fiduciary net position - ending	<u>\$ 806,424,132</u>	<u>\$ 750,617,498</u>	<u>\$ 769,298,572</u>
City's net pension liability	\$ 297,629,899	\$ 290,830,147	\$ 222,207,447
Plan fiduciary net position as a percentage of the total pension liability	73.04%	72.07%	77.59%
Covered payroll	\$ 56,759,632	\$ 56,545,113	\$ 57,545,593
Net pension liability as a percentage of covered payroll	524.37%	514.33%	386.14%

**Notes to Schedule:** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

Since the previous valuation, discount rate was decreased from 7.95% to 7.90%, withdrawal and retirement rates were updated, disability incidence was updated to 65% service incurred / 35% non-service incurred and the load for compensation and projected pensionable payroll was replaced with actual pensionable pay - these changes do not affect the contribution until the fiscal year ending September 30, 2017. From fiscal year 2015 to 2016, the discount rate used to determine the net pension liability decreased from 8.00% to 7.95%.

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN THE**  
**CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**(unaudited)**

	<u>2017 (*)</u>
Total OPEB Liability	
Service Cost	\$ 3,074,151
Interest	13,700,847
Change of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments	<u>(10,111,628)</u>
Net change in total OPEB Liability	6,663,370
Total OPEB liability - beginning	173,242,455
Total OPEB liability - ending (a)	<u><u>\$ 179,905,825</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 10,650,907
Net investment income	3,425,945
Benefit payments	(10,111,628)
Administrative expense	<u>(94,831)</u>
Net Change in plan fiduciary net position	3,870,393
Plan fiduciary net position - beginning	27,130,830
Plan fiduciary net position - ending (b)	<u><u>\$ 31,001,223</u></u>
City's Net OPEB Liability - ending (a) - (b)	<u><u>\$ 148,904,602</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.2%
Covered payroll	\$ 142,146,603
City's net OPEB liability as a percentage of covered payroll	104.8%

\* - Fiscal year 2017 is the first year data is available. The City will accumulate a ten year schedule as data becomes available.



**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS - CITY CONTRIBUTIONS**  
 Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 15,055,943	\$ 27,783,852	\$ 26,317,983	\$ 25,602,030	\$ 21,222,051	\$ 17,583,191	\$ 14,474,678	\$ 17,137,394	\$ 12,863,823	\$ 13,911,545
Contributions in relation to the										
actuarially determined	10,650,907	27,783,852	26,456,580	25,602,030	21,222,051	17,583,191	14,474,678	17,137,394	12,863,823	13,911,545
Contribution deficiency (excess)	\$ 4,405,036	\$ -	\$ (138,597)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	142,146,603	71,863,150	82,359,302	76,362,960	65,054,000	66,347,000	68,844,000	70,088,000	68,010,000	59,632,000
Contributions as a percentage of covered	7.49%	38.66%	32.12%	33.53%	32.62%	26.50%	21.03%	24.45%	18.91%	23.33%

**Methods and Assumptions Used to Determine Contribution Rates**

Valuation Date	September 30, 2017
Discount Rate	8.00% per annum. This was based on the estimated long term rate of return from the City's OPEB trust
Asset Valuation Method	Fair Market Value
Current Asset Mix	Currently the City is targeted to invest approximately 60% in equities and 39% in bonds, with the remainder as cash.
Salary Increase Rate	3.5% per annum
Inflation Rate	2.0% per annum
Census Data	The census was provided by the City as of August 2017.
Marriage Rate	It is assumed that 40% of future retirees have a spouse. This is based on the current retiree demographic.
Spouse Age	Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are amortized over a closed period of five years starting on October 1, 2016.
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of future retirees will participate in the retiree medical plan and 100% participate in the life insurance plan. For those employees hired after 3/18/2006, it is assumed that 40% continue on the plans post-Medicare. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-16

**SCHEDULE OF INVESTMENT RETURNS**  
**Last 10 Fiscal Years (\*)**

	2017
Annual money-weighted rate of return, net of investment expense	12.3%

\* Fiscal year 2017 is the first year data is available. The City will accumulate a ten year schedule as data becomes available.

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFITS**  
(In thousands)  
(Unaudited)

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projects Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - 1)/ c))
10/1/2014	\$ 24,761	\$ 203,509	\$ 178,748	12.2%	\$ 109,003	164.0%
10/1/2015	24,853	213,212	188,359	11.66	117,437	160.4
10/1/2016	27,014	173,242	146,228	15.59	142,147	102.9

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 160,779,000	\$ 160,779,000	\$ 160,956,147	\$ 177,147
Sales, use and fuel taxes	1,026,000	1,026,000	1,094,290	68,290
Utility	11,499,000	11,499,000	11,895,959	396,959
Local business	5,045,000	5,045,000	5,029,398	(15,602)
Communication service	3,763,000	3,763,000	3,745,968	(17,032)
Franchise fees	8,470,000	8,470,000	8,323,438	(146,562)
Permits	23,031,000	23,031,000	25,466,582	2,435,582
Intergovernmental	11,189,000	11,189,000	10,816,924	(372,076)
Charges for services	17,834,000	17,834,000	16,572,369	(1,261,631)
Rents and leases	5,985,000	6,060,740	5,333,140	(727,600)
Interest income	2,500,000	2,500,000	1,702,709	(797,291)
Fines and forfeits	1,773,000	1,773,000	1,437,718	(335,282)
Administrative fees	19,715,000	19,715,000	18,722,193	(992,807)
Other	634,000	634,000	1,168,403	534,403
Total revenues	273,243,000	273,318,740	272,265,238	(1,053,502)
<b>Expenditures</b>				
General government:				
Mayor and Commission	2,089,000	2,279,000	2,005,708	273,292
City Manager	3,610,000	3,620,000	3,569,025	50,975
City Clerk	1,544,000	1,606,000	1,464,716	141,284
Budget and Performance Management	3,121,000	3,280,000	2,883,040	396,960
Finance	5,731,000	5,721,000	5,460,468	260,532
Human Resources	2,773,000	2,773,000	2,648,260	124,740
Procurement	2,251,000	2,281,000	2,203,284	77,716
City Attorney	5,356,000	5,344,949	5,051,409	293,540
Planning	4,142,000	4,235,742	4,235,742	
Media Relations	1,950,000	1,985,696	1,959,811	25,885
Public Works	4,113,000	3,955,000	3,954,982	18
Capital Improvement	5,037,000	5,032,000	4,714,765	317,235
Unclassified	11,209,000	9,261,238	5,757,089	3,504,149
Total general government	52,926,000	51,374,625	45,908,299	5,466,326
Public safety:				
Building Services	15,086,000	15,026,109	13,358,329	1,667,780
Code Compliance	5,830,000	5,830,000	5,541,837	288,163
Fire	69,892,000	70,152,190	69,929,672	222,518
Police	101,460,000	101,965,908	101,820,713	145,195
Emergency Management	9,486,000	12,206,000	11,884,191	321,809
Total public safety	201,754,000	205,180,207	202,534,742	2,645,465
Physical Environment	3,261,000	3,522,000	3,521,076	924
Transportation	4,442,000	4,432,000	4,344,472	87,528
Economic Environment	1,456,000	1,456,000	1,385,021	70,979
Human Services	2,093,000	2,093,000	1,963,109	129,891
Culture and recreation	40,153,900	39,552,132	37,583,934	1,968,198
Capital Outlay	1,087,000	1,817,957	796,117	1,021,840
Debt service:				
Principal retirement	960,000	1,027,000	53,545	973,455
Interest and fiscal charges	354,100	243,500		243,500
Other		110,600	110,600	
Total expenditures	308,487,000	310,809,021	298,200,915	12,608,106
Excess (deficiency) of revenues over (under) expenditures	(35,244,000)	(37,490,281)	(25,935,677)	11,554,604
<b>Other financing sources (uses)</b>				
Transfers in	44,009,000	44,379,000	44,378,996	(4)
Transfers out	(8,765,000)	(8,713,978)	(9,915,478)	(1,201,500)
Sale of capital assets			8,338	8,338
Total other financing sources (uses)	35,244,000	35,665,022	34,471,856	(1,193,166)
<b>EXTRAORDINARY ITEM</b>				
Extraordinary expense			769,066	769,066
Net change in fund balances		(1,825,259)	9,305,245	9,592,372
Fund balances - beginning of year	61,884,976	61,884,976	61,884,976	
Fund balances - end of year	\$ 61,884,976	\$ 60,059,717	\$ 71,190,221	

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>								
Resort taxes	\$ 86,404,000	\$ 86,404,000	\$ 81,910,032	\$ (4,493,968)	\$ 51,861,000	\$ 51,861,000	\$ 51,843,091	\$ (17,909)
Tax increment								
Rents and leases								
Interest income	91,000	91,000	24,695	(66,305)				
Special assessment	220,000	220,000	215,470	(4,530)	60,000	60,000	430,918	370,918
Other	7,000	7,000	16,646	9,646				
Total revenues	86,722,000	86,722,000	82,166,843	(4,555,157)	51,921,000	51,921,000	52,274,009	353,009
<b>Expenditures</b>								
General government	1,933,000	2,032,761	1,810,589	222,172	20,759,000	19,656,440	6,061,344	13,595,096
Public safety	869,000	781,250	436,756		4,553,000	4,538,500	4,400,734	137,766
Economic environment					3,268,000	3,268,000	3,250,066	17,934
Culture and recreation	17,553,000	16,637,300	14,850,220	1,787,080	1,368,000	1,368,000	958,234	409,766
Capital Outlay	693,000	640,450	507,976	132,474		1,117,060	1,117,060	
Debt Service:								
Interest and fiscal charges		1,239	1,239					
Total expenditures	21,048,000	20,093,000	17,606,780	2,141,726	29,948,000	29,948,000	15,787,438	14,160,562
Excess (deficiency) of revenues over (under) expenditures	65,674,000	66,629,000	64,560,063	(2,413,431)	21,973,000	21,973,000	36,486,571	14,513,571
<b>Other financing sources (uses)</b>								
Transfers out (RSI Note 4)	(65,674,000)	(65,674,000)	(69,087,602)	(3,413,602)	(21,973,000)	(21,973,000)	(5,993,960)	15,979,040
Total other financing sources (uses)	(65,674,000)	(65,674,000)	(69,087,602)	(3,413,602)	(21,973,000)	(21,973,000)	(5,993,960)	15,979,040
Net change in fund balances		955,000	(4,527,539)	(5,827,033)			30,492,611	30,492,611
Fund balances - beginning of year	27,196,537	27,196,537	27,196,537		39,238,026	39,238,026	39,238,026	
Fund balances - end of year	\$ 27,196,537	\$ 28,151,537	\$ 22,668,998	\$ (5,827,033)	\$ 39,238,026	\$ 39,238,026	\$ 69,730,637	\$ 30,492,611

## **1. Budgetary Policy**

### **A. Budgetary Data**

The City is required to prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles.

The City' has legally adopted annual budgets for the General Fund, and the City's two (2) major special revenue funds which are the Resort Tax Fund and the Miami Beach Redevelopment Agency Fund. Budget to actual comparisons for the General Fund, Resort Tax Fund and Miami Beach Redevelopment Agency Fund are presented in the Required Supplementary Information section of this report.

Pursuant to the City's Charter, the City Manager shall make public a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1st. The budgets are approved by fund and department, and authorized at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There were six (6) supplemental budgetary appropriations for the funds mentioned above; four (4) operating and two (2) capital during fiscal year ended September 30, 2017.

Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the City. Budgets are adopted on the modified accrual basis of accounting. All operating appropriations lapse at year end.

Encumbrance accounting, under which purchase order commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances, since they do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

## **2. Miami Beach Employees' Retirement System (MBERP) Actuary Assumptions**

Please refer to page 106 for the actuary assumptions.

## **3. Retirement System for Firefighters and Police Officers (MBF&P) Actuary Assumptions**

Please refer to page 107 for the actuary assumptions.

# **SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Community Development Block Grant Fund:** This fund accounts for the receipt and expenditure of funds under this Federal Program.

**State Housing Initiatives Partnership Fund:** This fund accounts for the receipt and expenditure of funds under this State Program.

**Parking Impact Fees Fund:** This fund accounts for impact fee revenue paid, primarily by owners of new and existing construction, in lieu of their ability to provide adequate parking spaces as defined by City Ordinance. The fund is also responsible for the disbursement of funds for various parking related projects in the impacted areas.

**Transportation Concurrency Management Fund:** This fund oversees, maintains, and directs the City's concurrency management system, the land use/transportation planning and traffic management efforts and projects.

**Police Confiscation and Training Fund:** This fund accounts for revenues received that are restricted to police related expenditures with multiple restrictions.

**HOME Investment Partnership Program Grant Fund:** This fund accounts for revenues and expenditures that are governed by the HOME grant agreements between the Federal Government and the City.

**Other Special Revenue Fund:** This fund accounts for the revenues and expenditures of a series of small grants.

### Debt Service Funds:

Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt, primarily from tax proceeds and earnings on temporary investments.

**General Obligation Fund:** This fund accounts for principal and interest payments made for general obligations.

**Pension Loan Fund:** This fund accounts for principal and interest payments made for the Pension Loan.

**Gulf Breeze Special Obligation Fund:** This fund accounts for principal and interest payments made for the Gulf Breeze VRDS.

**Miami Beach Redevelopment Agency Fund:** This fund accounts for principal and interest payments made for the Tax Increment Revenue Special Obligation Bonds.

**Sunshine State Special Obligation Fund:** This fund accounts for principal and interest payments made for the Sunshine State VRDS.

**Resort Tax Debt Service Fund:** This fund accounts for principal and interest payments made for the Resort Tax bond.

**Energy Savings Debt Service Fund:** This fund accounts for principal and interest payment on the Ameresco loan.

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINED BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2017**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 101,726,620	\$ 7,572,579	\$ 109,299,199
Receivables, net	1,040,105	4,616	1,044,721
Due from other governments	6,752,546		6,752,546
Prepays	52,500		52,500
	<u>109,571,771</u>	<u>7,577,195</u>	<u>117,148,966</u>
Total assets	<u>\$ 109,571,771</u>	<u>\$ 7,577,195</u>	<u>\$ 117,148,966</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,540,675	\$	\$ 5,540,675
Retainage payable	1,047,879		1,047,879
Accrued expenditures	138,820		138,820
Unearned revenues	7,909,352		7,909,352
Deposits	51,031		51,031
Due to other governments	11,454		11,454
Due to other fund	1,532,002		1,532,002
	<u>16,231,213</u>		<u>16,231,213</u>
Total liabilities	<u>16,231,213</u>		<u>16,231,213</u>
<b>FUND BALANCES</b>			
Nonspendable	52,500		52,500
Restricted	81,441,559	7,577,195	89,018,754
Committed	18,895,379		18,895,379
Unassigned	(7,048,880)		(7,048,880)
	<u>93,340,558</u>	<u>7,577,195</u>	<u>100,917,753</u>
Total fund balances	<u>93,340,558</u>	<u>7,577,195</u>	<u>100,917,753</u>
Total liabilities and fund balances	<u>\$ 109,571,771</u>	<u>\$ 7,577,195</u>	<u>\$ 117,148,966</u>



**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property taxes	\$	\$ 5,916,889	\$ 5,916,889
Sales, use and fuel taxes	3,696,831		3,696,831
Utility taxes	686,563		686,563
Other taxes	2,229,983		2,229,983
Federal grants	1,447,802		1,447,802
State grants	234,369		234,369
Grants from other local units	1,602,368		1,602,368
Charges for services	6,634,862		6,634,862
Fines and forfeitures	997,798		997,798
Impact Fees	3,208,281		3,208,281
Interest income	24,595	1,153	25,748
Permits	38,836		38,836
Rent and leases	1,594,822		1,594,822
Miscellaneous	531,522		531,522
Total revenues	<u>22,928,632</u>	<u>5,918,042</u>	<u>28,846,674</u>
<b>EXPENDITURES</b>			
Current:			
General government	854,451		854,451
Public safety	11,349,647		11,349,647
Physical environment	3,120,033		3,120,033
Transportation	11,489,096		11,489,096
Economic environment	1,671,878		1,671,878
Human services	1,218,587		1,218,587
Culture and recreation	2,007,697		2,007,697
Capital Outlay	20,053,046		20,053,046
Debt Service:			
Principal		19,936,548	19,936,548
Interest		27,940,540	27,940,540
Other		62,217	62,217
Total expenditures	<u>51,764,435</u>	<u>47,939,305</u>	<u>99,703,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,835,803)</u>	<u>(42,021,263)</u>	<u>(70,857,066)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	3,034,478		3,034,478
Issuance of refunding debt		19,679,000	19,679,000
Payment to escrow agent		(19,215,000)	(19,215,000)
Transfers in	19,380,509	27,744,122	47,124,631
Transfers out	(4,733,010)		(4,733,010)
Total other financing sources (uses)	<u>17,681,977</u>	<u>28,208,122</u>	<u>45,890,099</u>
Net change in fund balances	(11,153,826)	(13,813,141)	(24,966,967)
Fund balances - beginning of year	104,494,384	21,390,336	125,884,720
Fund balances - end of year	<u>\$ 93,340,558</u>	<u>\$ 7,577,195</u>	<u>\$ 100,917,753</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2017**

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Home Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
<b>ASSETS</b>								
Cash and investments	\$ 30,946	\$ 1,310,019	\$ 22,126,979	\$ 14,993,144	\$ 815,763	\$ 59,216	\$ 62,390,553	\$ 101,726,620
Receivables, net			30,589	9,610	3,917		995,989	1,040,105
Due from other governments	39,237				104,592	2,681	6,606,036	6,752,546
Prepays							52,500	52,500
Total assets	\$ 70,183	\$ 1,310,019	\$ 22,157,568	\$ 15,002,754	\$ 924,272	\$ 61,897	\$ 70,045,078	\$ 109,571,771
<b>LIABILITIES</b>								
Accounts payable	\$ 13,893	\$ 68,891	\$ 14,059	\$ 452,520	\$ 121,949	\$ 699	\$ 4,868,664	\$ 5,540,675
Retainage payable	6,415			80,000		13,076	948,388	1,047,879
Accrued expenditures	2,664					874	135,282	138,820
Unearned revenue	42,496	709,139			104,592	122,518	6,930,607	7,909,352
Due to other fund							1,532,002	1,532,002
Due to other governments							11,454	11,454
Deposits							51,031	51,031
Total liabilities	65,468	778,030	14,059	532,520	226,541	137,167	14,477,428	16,231,213
<b>FUND BALANCES</b>								
Nonspendable							52,500	52,500
Restricted	56,455	531,989	22,143,509	14,470,234	697,731	60,774	43,480,867	81,441,559
Committed							18,895,379	18,895,379
Unassigned	(51,740)					(136,044)	(6,861,096)	(7,048,880)
Total fund balances	4,715	531,989	22,143,509	14,470,234	697,731	(75,270)	55,567,650	93,340,558
Total liabilities and fund balances	\$ 70,183	\$ 1,310,019	\$ 22,157,568	\$ 15,002,754	\$ 924,272	\$ 61,897	\$ 70,045,078	\$ 109,571,771

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended September 30, 2017

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	HOME Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
<b>Revenues:</b>								
Sales, Use and Fuel Taxes							\$ 3,696,831	\$ 3,696,831
Utility taxes							686,563	686,563
Other taxes							2,229,983	2,229,983
Federal grants	359,203				190,665	395,556	502,378	1,447,802
State grants		202,430			22,730		9,209	234,369
Grants from other local units					25,111			1,602,368
Charges for services							1,577,257	6,634,862
Fines and forfeitures							997,798	3,208,281
Impact Fees			1,512,402	1,695,879				
Interest income	142	1,717	26,461		1,935	151	(5,811)	24,595
Permits							38,836	38,836
Rent and leases							1,594,822	1,594,822
Miscellaneous		144,534	538				386,450	531,522
Total revenues	359,345	348,681	1,539,401	1,695,879	240,441	395,707	18,349,178	22,928,632
<b>Expenditures:</b>								
Current:								
General government							854,451	854,451
Public safety					488,955		10,860,692	11,349,647
Physical environment							3,120,033	3,120,033
Transportation							11,489,096	11,489,096
Economic environment						395,707	576,978	1,671,878
Human services	342,894	356,299					1,218,587	1,218,587
Culture and recreation							2,007,697	2,007,697
Capital Outlay			1,369,197	906,077	75,654		17,702,118	20,053,046
Total expenditures	342,894	356,299	1,369,197	906,077	564,609	395,707	47,829,652	51,764,435
Excess (deficiency) of revenues over (under) expenditures	16,451	(7,618)	170,204	789,802	(324,168)		(29,480,474)	(28,835,803)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of debt							3,034,478	3,034,478
Transfers in			4,706,342				14,674,167	19,380,509
Transfers out				(4,706,342)			(26,668)	(4,733,010)
Total other financing sources (uses)			4,706,342	(4,706,342)			17,681,977	17,681,977
Net change in fund balances	16,451	(7,618)	4,876,546	(3,916,540)	(324,168)		(11,798,497)	(11,153,826)
Fund balances - beginning of year	(11,736)	539,607	17,266,963	18,386,774	1,021,899	(75,270)	67,366,147	104,494,384
Fund balances - end of year	\$ 4,715	\$ 531,989	\$ 22,143,509	\$ 14,470,234	\$ 697,731	\$ (75,270)	\$ 55,567,650	\$ 93,340,558

**CITY OF MIAMI BEACH, FLORIDA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**September 30, 2017**

	General Obligation Debt Service Fund	Pension Loan Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Resort Tax Debt Service Fund	Energy Savings Debt Service Funds	Total
<b>ASSETS</b>								
Cash and investments Receivables, net	\$ 2,586,422 4,616	\$ 252,371	\$ 2,483,113	\$	\$ 126,547	\$ 2,085,309	\$ 38,817	\$ 7,572,579 4,616
Total assets	\$ 2,591,038	\$ 252,371	\$ 2,483,113	\$	\$ 126,547	\$ 2,085,309	\$ 38,817	\$ 7,577,195
<b>FUND BALANCES</b>								
Restricted	2,591,038	252,371	2,483,113		126,547	2,085,309	38,817	7,577,195
Total fund balances	2,591,038	252,371	2,483,113		126,547	2,085,309	38,817	7,577,195
Total liabilities and fund balances	\$ 2,591,038	\$ 252,371	\$ 2,483,113	\$	\$ 126,547	\$ 2,085,309	\$ 38,817	\$ 7,577,195

**CITY OF MIAMI BEACH, FLORIDA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended September 30, 2017**

	General Obligation Debt Service Fund	Pension Loan Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Resort Tax Debt Service Fund	Energy Savings Debt Service Funds	Total
<b>Revenues</b>								
Property taxes	\$ 5,916,889	\$	\$	\$	\$	\$	\$	\$ 5,916,889
Interest income	1,153							1,153
Total revenues	5,918,042							5,918,042
<b>Expenditures</b>								
Debt Service:								
Principal	3,740,000	4,691,000	960,000	6,495,000		3,170,000.00	880,548	19,936,548
Interest	2,170,968	632,008	241,500	15,170,579		9,281,300.00	444,185	27,940,540
Other	403	60,683		754		377		62,217
Total expenditures	5,911,371	5,383,691	1,201,500	21,666,333		12,451,677	1,324,733	47,939,305
Excess of expenditures over revenues	6,671	(5,383,691)	(1,201,500)	(21,666,333)		(12,451,677)	(1,324,733)	(42,021,263)
Other financing sources (uses):								
Issuance of refunding debt		19,679,000						19,679,000
Payment to escrow agent		(19,215,000)						(19,215,000)
Transfers in		5,168,000	1,201,500	5,512,636		14,536,986	1,325,000	27,744,122
Transfers out								-
Total other financing sources (uses)		5,632,000	1,201,500	5,512,636		14,536,986	1,325,000	28,208,122
Net change in fund balances	6,671	248,309		(16,153,697)		2,085,309	267	(13,813,141)
Fund balances - beginning of year	2,584,367	4,062	2,483,113	16,153,697	126,547		38,550	21,390,336
Fund balances - end of year	\$ 2,591,038	\$ 252,371	\$ 2,483,113	\$	\$ 126,547	\$ 2,085,309	\$ 38,817	\$ 7,577,195

CITY OF MIAMI BEACH, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
BUDGETED NONMAJOR DEBT SERVICE FUNDS  
For the Fiscal Years Ended September 30, 2017

	General Obligation Debt Service Fund				Miami Beach Redevelopment Agency Special Obligation Debt Service Fund				Resort Tax Debt Service Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>												
Property taxes	\$ 5,921,000	\$ 5,921,000	\$ 5,916,889	\$ (4,111)	\$	\$	\$	\$	\$	\$	\$	\$
Interest income			1,153	1,153								
Total revenues	<u>5,921,000</u>	<u>5,921,000</u>	<u>5,918,042</u>	<u>(2,958)</u>								
<b>Expenditures</b>												
Debt Service:												
Principal	3,740,000	3,740,000	3,740,000		6,495,000	6,495,000	6,495,000				3,170,000	
Interest	2,181,000	2,181,000	2,170,968	10,032	15,183,000	15,183,000	15,170,579	12,421			9,281,300	700
Other			403	(403)			754	(754)			377	(377)
Total expenditures	<u>5,921,000</u>	<u>5,921,000</u>	<u>5,911,371</u>	<u>9,629</u>	<u>21,678,000</u>	<u>21,678,000</u>	<u>21,666,333</u>	<u>11,667</u>			<u>12,451,677</u>	<u>323</u>
Excess (deficiency) of revenues over (under) expenditures			6,671	6,671	(21,678,000)	(21,678,000)	(21,666,333)	11,667			(12,451,677)	323
<b>Other financing sources (uses)</b>												
Transfers in					21,678,000	21,678,000	5,512,636	(16,165,364)	13,000,000	14,065,000	14,536,986	471,986
Transfers out									(13,000,000)	(1,613,000)		1,613,000
Total other financing sources (uses)					<u>21,678,000</u>	<u>21,678,000</u>	<u>5,512,636</u>	<u>(16,165,364)</u>		<u>12,452,000</u>	<u>14,536,986</u>	<u>2,084,986</u>
Net change in fund balances			6,671	6,671			(16,153,697)	(16,153,697)		12,452,000	2,085,309	2,085,309
Fund balances - beginning of year	2,584,367	2,584,367	2,584,367		16,153,697	16,153,697	16,153,697					
Fund balances - end of year	<u>\$ 2,584,367</u>	<u>\$ 2,584,367</u>	<u>\$ 2,591,038</u>	<u>\$ 6,671</u>	<u>\$ 16,153,697</u>	<u>\$ 16,153,697</u>	<u>\$</u>	<u>\$ (16,153,697)</u>	<u>\$</u>	<u>\$ 12,452,000</u>	<u>\$ 2,085,309</u>	<u>\$ 2,085,309</u>

# MIAMI BEACH

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**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2017**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 15,380,698	\$ 16,721,702	\$ 10,322,513	\$ 42,424,913
Accounts receivable (net of allowance for uncollectibles)	1,452,955		59,676	1,512,631
Prepaid expenses		101,165		101,165
Total current assets	16,833,653	16,822,867	10,382,189	44,038,709
Noncurrent assets:				
Cash and investments				
Customer deposits and advance sales		82,910	208,962	291,872
Capital assets:				
Land	405,680	2,793,052	210,230	3,408,962
Buildings and structures	1,289,353	28,426,115	2,397,145	32,112,613
Machinery and equipment	3,683,692	695,693	9,404	4,388,789
Construction in progress	27,136			27,136
Less accumulated depreciation	(2,269,250)	(9,725,034)	(846,278)	(12,840,562)
Total capital assets (net of accumulated depreciation)	3,136,611	22,189,826	1,770,501	27,096,938
Total noncurrent assets	3,136,611	22,272,736	1,979,463	27,388,810
Total assets	19,970,264	39,095,603	12,361,652	71,427,519
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions - MBERP	3,785,033			3,785,033
Total deferred outflows of resources	3,785,033			3,785,033
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,723,505	318,504		2,042,009
Accrued expenses	194,690	11,696	15,045	221,431
Due to other governments		19,269	5,334	24,603
Loans payable	54,865			54,865
Deposits		2,680		2,680
Accrued compensated absences	429,854			429,854
Unearned revenues		75,190		75,190
Total current liabilities	2,402,914	427,339	20,379	2,850,632
Noncurrent liabilities:				
Deposits		5,040	208,962	214,002
Accrued compensated absences	423,265			423,265
Environmental remediation liability	135,410			135,410
Net pension liability - MBERP	13,831,911			13,831,911
Loans payable	43,840			43,840
Total noncurrent liabilities	14,434,426	5,040	208,962	14,648,428
Total liabilities	16,837,340	432,379	229,341	17,499,060
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions - MBERP	116,199			116,199
Total deferred inflows of resources	116,199			116,199
<b>NET POSITION</b>				
Net investment in capital assets	3,037,906	22,189,826	1,770,501	26,998,233
Unrestricted	3,763,852	16,473,398	10,361,810	30,599,060
Total net position	\$ 6,801,758	\$ 38,663,224	\$ 12,132,311	\$ 57,597,293



**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 10,649,578	\$ 4,195,407	\$	\$ 14,844,985
Permits, rentals, and other	5,670,441	557,005	1,346,548	7,573,994
Total operating revenues	16,320,019	4,752,412	1,346,548	22,418,979
Operating expenses:				
Personal services	11,343,758			11,343,758
Operating supplies	36,140	1,300		37,440
Contractual services	4,982,045	2,983,984	347,659	8,313,688
Utilities	36,581	133,621	17,501	187,703
Internal charges	1,500,598	185,925	29,000	1,715,523
Depreciation	396,500	734,467	77,352	1,208,319
Administrative fees	1,206,000	423,000	25,000	1,654,000
Other operating	834,020	134,759	19,451	988,230
Total operating expenses	20,335,642	4,597,056	515,963	25,448,661
Operating income (loss)	(4,015,623)	155,356	830,585	(3,029,682)
Nonoperating revenues (expenses):				
Gain (Loss) on disposal of capital assets	568			568
Interest income	25,433	93,988	55,892	175,313
Total nonoperating expenses	26,001	93,988	55,892	175,881
Income before contributions and transfers	(3,989,622)	249,344	886,477	(2,853,801)
Transfers in	4,469,004			4,469,004
Transfers out	(38,000)			(38,000)
Change in net position	441,382	249,344	886,477	1,577,203
Net position - beginning of year	6,360,376	38,413,880	11,245,834	56,020,090
Net position - ending of year	\$ 6,801,758	\$ 38,663,224	\$ 12,132,311	\$ 57,597,293

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Cash flows from operating activities:				
Receipts received from customers	\$ 15,803,288	\$ 4,758,941	\$ 1,516,631	\$ 22,078,860
Payments to suppliers	(4,700,106)	(3,537,476)	(382,152)	(8,619,734)
Payments to employees	(11,225,111)			(11,225,111)
Payments for interfund services used	(279,609)	(467,837)	(276,467)	(1,023,913)
Net cash provided by (used in) operating activities	(401,538)	753,628	858,012	1,210,102
Cash flows for non-capital financing activities:				
Transfers in	4,469,004			4,469,004
Transfers out	(38,000)			(38,000)
Net cash provided by non-capital financing activities	4,431,004			4,431,004
Cash flows from capital and related financial activities:				
Principal paid on loan	(94,545)			(94,545)
Interest and fiscal charges	(6)			(6)
Purchase of capital assets	(100,436)	(171,832)	(52,445)	(324,713)
Proceeds from sale of capital assets	568			568
Net cash used in capital and related financial activities	(194,419)	(171,832)	(52,445)	(418,696)
Cash flows from investing activities:				
Interest on investments	25,433	93,988	55,892	175,313
Net cash provided by investing activities	25,433	93,988	55,892	175,313
Net increase in cash and investments	3,860,480	675,784	861,459	5,397,723
Cash and investments - beginning of year	11,520,218	16,128,828	9,670,016	37,319,062
Cash and investments - end of year	\$ 15,380,698	\$ 16,804,612	\$ 10,531,475	\$ 42,716,785
Classified as:				
Current assets	\$ 15,380,698	\$ 16,721,702	\$ 10,322,513	\$ 42,424,913
Restricted assets		82,910	208,962	291,872
Total cash and investments	\$ 15,380,698	\$ 16,804,612	\$ 10,531,475	\$ 42,716,785

(continued)

**CITY OF MIAMI BEACH, FLORIDA**  
**OPERATING ACTIVITIES**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY:</b>				
Operating income (loss)	\$ (4,015,623)	\$ 155,356	\$ 830,585	\$ (3,029,682)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation	396,500	734,467	77,352	1,208,319
Provision for uncollectible accounts	(34,777)	(4,815)	(66,176)	(105,768)
Pension expense	(79,007)			(79,007)
Changes in assets/liabilities and deferred inflows:				
(Increase) decrease in accounts receivable	(481,954)	11,121	236,259	(234,574)
(Increase) decrease in due from other funds	2,435,914	677,209	8,051	3,121,174
(Increase) decrease in prepaid expense		(101,165)		(101,165)
Increase (decrease) in accounts payable	1,191,583	(83,235)	(11,469)	1,096,879
Increase (decrease) in accrued expenses	42,224	(110,297)	15,045	(53,028)
Increase (decrease) in deposits		360		360
Increase (decrease) in due to other governments		10,885	(1,117)	9,768
Increase (decrease) in due to other funds	(8,925)	(536,121)	(230,518)	(775,564)
Increase (decrease) in unearned revenues		(137)		(137)
Increase (decrease) in environmental remediation liability	(250)			(250)
Increase (decrease) in accrued compensated absences	152,777			152,777
Total adjustments	3,614,085	598,272	27,427	4,239,784
Net cash provided by (used in) operating activities	\$ (401,538)	\$ 753,628	\$ 858,012	\$ 1,210,102

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2017**

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 2,059,596	\$ 4,426,771	\$ 1,294,268	\$ 37,420,889	\$ 12,707,840	\$ 14,255,816	\$ 72,165,180
Cash with fiscal agent				250,000			250,000
Accounts receivable, net	27,320	3,664	2,563		2,298	4,055	39,900
Prepaid expenses	3,503			1,253,514	3,850	145,057	1,405,924
Inventories	282,545	86,879	25,097				394,521
Total current assets	2,372,964	4,517,314	1,321,928	38,924,403	12,713,988	14,404,928	74,255,525
Noncurrent assets:							
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,605,395	19,276					2,624,671
Machinery and equipment	38,143,929	3,597,388	136,271	220,689		10,549,243	52,647,520
Less accumulated depreciation	(26,947,855)	(3,044,363)	(97,836)	(201,477)		(7,659,622)	(37,951,153)
Total capital assets (net of accumulated depreciation)	14,409,989	572,301	38,435	19,212		2,889,621	17,929,558
Total noncurrent assets	14,409,989	572,301	38,435	19,212		2,889,621	17,929,558
Total assets	16,782,953	5,089,615	1,360,363	38,943,615	12,713,988	17,294,549	92,185,083
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pensions - MBERP	726,075	1,039,043	145,844	326,448	56,870	1,994,149	4,288,429
Total deferred outflows of resources	726,075	1,039,043	145,844	326,448	56,870	1,994,149	4,288,429
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	349,186	658,087		588,922	1,070,532	564,325	3,231,052
Accrued expenses	37,635	67,502	7,296	168,929	2,748	91,455	375,565
Accrued compensated absences	119,786	128,162	29,169	15,730	3,921	282,518	579,286
Loans payable	2,211,008	55,221				22,299	2,288,528
Pending insurance claims				7,700,000			7,700,000
Total current liabilities	2,717,615	908,972	36,465	8,473,581	1,077,201	960,597	14,174,431
Noncurrent liabilities:							
Accrued compensated absences	120,596	88,742	27,044	98,953	33,040	534,310	902,685
Net pension liability - MBERP	2,653,348	3,797,049	532,968	1,192,958	207,823	7,287,358	15,671,504
Loans payable	3,048,746	39,135				18,184	3,106,065
Pending insurance claims				5,997,812			5,997,812
Insurance claims incurred but not reported				24,799,890	1,727,711		26,527,601
Total noncurrent liabilities	5,822,690	3,924,926	560,012	32,089,613	1,968,574	7,839,852	52,205,667
Total liabilities	8,540,305	4,833,898	596,477	40,563,194	3,045,775	8,800,449	66,380,098
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pensions - MBERP	22,290	31,898	4,477	10,022	1,746	61,219	131,652
Total deferred inflows of resources	22,290	31,898	4,477	10,022	1,746	61,219	131,652
<b>NET POSITION</b>							
Net investment in capital assets	9,150,235	477,945	38,435	19,212		2,849,138	12,534,965
Unrestricted	(203,802)	784,917	866,818	(1,322,365)	9,723,337	7,577,892	17,426,797
Total net position	\$ 8,946,433	\$ 1,262,862	\$ 905,253	\$ (1,303,153)	\$ 9,723,337	\$ 10,427,030	\$ 29,961,762

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
Operating revenues:							
Charges for services	\$ 10,936,769	\$ 7,337,744	\$ 640,971	\$ 15,949,463	\$ 30,098,652	\$ 15,804,247	\$ 80,767,846
Permits, rentals, and other	121,403			1,031,548	884,912	156,544	2,194,407
Total operating revenues	11,058,172	7,337,744	640,971	16,981,011	30,983,564	15,960,791	82,962,253
Operating expenses:							
Personal services	2,106,915	3,356,753	426,956	1,027,159	84,133	5,432,013	12,433,929
Operating supplies	2,452,472	60,246	683	15,536		1,010,821	3,539,758
Contractual services	1,386,473	2,951,775	377,120	1,852,496	681,646	4,909,344	12,158,854
Utilities	73,297	627,845	1,944	1,161		940,362	1,644,609
Internal charges	378,353	533,838	74,035	41,236		444,479	1,471,941
Administrative fees				1,100,000			1,100,000
Depreciation	3,956,558	176,312	4,805	5,361		731,022	4,874,058
Insurance				2,152,343	8,768,761		10,921,104
Claims and judgments				13,133,111	21,085,587		34,218,698
Other operating	11,906	6,945	37,035	111,230	95,490	94,897	357,503
Total operating expenses	10,365,974	7,713,714	922,578	19,439,633	30,715,617	13,562,938	82,720,454
Operating income (loss)	692,198	(375,970)	(281,607)	(2,458,622)	267,947	2,397,853	241,799
Nonoperating revenues (expenses):							
Interest and fiscal charges	(160,969)	(3,403)				(11,702)	(176,074)
Gain (loss) on sale of capital assets	5,361						5,361
Interest income	4,567	7,002	3,452	60,811	118	22,463	98,413
Total nonoperating revenues (expenses)	(151,041)	3,599	3,452	60,811	118	10,761	(72,300)
Income (loss) before contributions and transfers	541,157	(372,371)	(278,155)	(2,397,811)	268,065	2,408,614	169,499
Capital contributions	1,176,049					12,545	1,188,594
Transfers in						395,000	395,000
Transfers out	(15,000)	(296,000)	(2,000)	(3,000)		(19,000)	(335,000)
Change in net position	1,702,206	(668,371)	(280,155)	(2,400,811)	268,065	2,797,159	1,418,093
Net position-beginning	7,244,227	1,931,233	1,185,408	1,097,658	9,455,272	7,629,871	28,543,669
Net position-ending	\$ 8,946,433	\$ 1,262,862	\$ 905,253	\$ (1,303,153)	\$ 9,723,337	\$ 10,427,030	\$ 29,961,762

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:							
Receipts from users	\$ 11,051,323	\$ 7,337,795	\$ 640,971	\$ 16,981,011	\$ 31,657,663	\$ 15,960,791	\$ 83,629,554
Payments to suppliers	(4,668,876)	(3,693,989)	(415,815)	(4,064,528)	(9,879,943)	(7,338,490)	(30,061,641)
Payments to employees	(2,182,056)	(2,934,710)	(450,835)	(914,443)	(161,315)	(5,550,037)	(12,193,396)
Payments for claims and judgments				(6,082,409)	(20,642,384)		(26,724,793)
Payments for interfund services used	(275,932)	287,864	(70,985)	(956,861)	(64)	(375,881)	(1,391,859)
Net cash provided by (used in) operating activities	3,924,459	996,960	(296,664)	4,962,770	973,957	2,696,383	13,257,865
Cash flows for non-capital financing activities:							
Transfers in						395,000	395,000
Transfers out	(15,000)	(296,000)	(2,000)	(3,000)		(19,000)	(335,000)
Net cash provided by (used in) non-capital financing activities	(15,000)	(296,000)	(2,000)	(3,000)		376,000	60,000
Cash flows from capital and related financial activities:							
Principal paid on loan	(2,764,604)	(70,729)				(53,869)	(2,889,202)
Interest and fiscal charges	(163,018)	(3,403)				(12,164)	(178,585)
Purchase of capital assets	(1,489,095)	(160,857)	(27,695)			(1,194,182)	(2,871,829)
Net cash used in capital and related financial activities	(4,416,717)	(234,989)	(27,695)			(1,260,215)	(5,939,616)
Cash flows from investing activities:							
Interest on investments	4,567	7,002	3,452	60,811	118	22,463	98,413
Net cash provided by investing activities	4,567	7,002	3,452	60,811	118	22,463	98,413
Net increase (decrease) in cash and investments	(502,691)	472,973	(322,907)	5,020,581	974,075	1,834,631	7,476,662
Cash and investments - beginning of year	2,562,287	3,953,798	1,617,175	32,650,308	11,733,765	12,421,185	64,938,518
Cash and investments - end of year	\$ 2,059,596	\$ 4,426,771	\$ 1,294,268	\$ 37,670,889	\$ 12,707,840	\$ 14,255,816	\$ 72,415,180
Classified as:							
Cash and investments-current	\$ 2,059,596	\$ 4,426,771	\$ 1,294,268	\$ 37,670,889	\$ 12,707,840	\$ 14,255,816	\$ 72,415,180
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	\$ 1,176,049	\$	\$	\$	\$	\$ 12,545	\$ 1,188,594
Total Non-cash transactions affecting financial position	\$ 1,176,049	\$	\$	\$	\$	\$ 12,545	\$ 1,188,594

(continued)

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2017**

(continued)

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 692,198	\$ (375,970)	\$ (281,607)	\$ (2,458,622)	\$ 267,947	\$ 2,397,853	\$ 241,799
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	3,956,558	176,312	4,805	5,361		731,022	4,874,058
Provision for uncollectible accounts		(67)			(368)		(435)
Pension expense	(80,357)	359,696	(31,013)	88,851	(56,725)	(185,717)	94,735
Changes in assets and liabilities:							
(Increase) decrease in inventories	(4,077)	18,447					14,370
(Increase) decrease in accounts receivable	(6,849)	118			674,467		667,736
(Increase) decrease in due from other funds	102,421	821,702	3,050	184,375		68,610	1,180,158
Increase in prepaid expense		5,674	967	(77,427)	151	(139,020)	(209,655)
Increase (decrease) in accounts payable	(743,430)	(35,659)		162,245	(334,197)	(233,395)	(1,184,436)
Increase (decrease) in accrued compensated absences	2,778	37,242	6,391	23,241	(18,290)	66,635	117,997
Increase (decrease) in due to other funds					(64)	(12)	(76)
Increase (decrease) in pending insurance claims				1,085,812			1,085,812
(Decrease) in insurance claims incurred but not reported				5,964,890	443,203		6,408,093
Increase (decrease) in accrued expenses	5,217	(10,535)	743	(15,956)	(2,167)	(9,593)	(32,291)
Total adjustments	3,232,261	1,372,930	(15,057)	7,421,392	706,010	298,530	13,016,066
Net cash provided by (used in) operating activities	\$ 3,924,459	\$ 996,960	\$ (296,664)	\$ 4,962,770	\$ 973,957	\$ 2,696,383	\$ 13,257,865

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF PLAN NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2017**

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 846,549	\$ 21,539	\$ 55,526	\$ 59,324	\$ 200,921	\$ 1,183,859
Accrued interest receivable		2,516,192	62,256	18,757		2,597,205
Contribution receivable					539,279	539,279
Other receivables	243,425	172		10,612		254,209
Prepays	3,225,407			4,390		3,229,797
Investments:						
Short-term investments	395,150	6,027,546	1,018,516	986,584		8,427,796
U.S. Government securities	111,021,057	39,911,871	1,268,309	525,247		152,726,484
Corporate bonds and other municipal obligations		202,131,813	6,064,347	2,744,511		210,940,671
Bond Funds	48,026,513					48,026,513
Foreign Bonds and private placements		46,952,870		172,869		47,125,739
Common stocks and index funds	225,348,705	470,673,287	8,641,589	3,985,231		708,648,812
Foreign Stocks	105,624,289	35,156,846		202,877		140,984,012
Real estate funds	63,882,104	43,655,948				107,538,052
Infrastructure investments	41,952,966					41,952,966
Mutual funds	16,100,212	27,732,355			30,261,023	74,093,590
Total investments	612,350,996	872,242,536	16,992,761	8,617,319	30,261,023	1,540,464,635
Total assets	616,666,377	874,780,439	17,110,543	8,710,402	31,001,223	1,548,268,984
<b>Liabilities</b>						
Accounts payable		343,039	1,120			344,159
Accrued expenses	42,151			15,000		57,151
Total liabilities	42,151	343,039	1,120	15,000		401,310
<b>Net Position</b>						
Restricted for pension and OPEB benefits	\$ 616,624,226	\$ 874,437,400	\$ 17,109,423	\$ 8,695,402	\$ 31,001,223	\$ 1,547,867,674



**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION**  
**FIDUCIARY FUNDS**

For the Fiscal Year Ended September 30, 2017

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Additions:</b> Contributions - Employer Employee State of Florida	\$ 29,358,098 7,871,072	\$ 35,247,317 6,198,244 120,549	\$  1,380,462	\$  728,972	\$ 10,650,907   	\$ 75,256,322 14,069,316 2,229,983
<b>Total contributions</b>	<b>37,229,170</b>	<b>41,566,110</b>	<b>1,380,462</b>	<b>728,972</b>	<b>10,650,907</b>	<b>91,555,621</b>
<b>Investment income -</b> Net increase in fair value of investments Interest and dividends income	68,123,419 4,474,648	73,657,973 15,385,449	967,624 357,001	492,584 176,412	2,704,623 721,322	145,946,223 21,114,832
<b>Investment management expenses</b>	72,598,067 (1,945,150)	89,043,422 (3,252,248)	1,324,625 (62,790)	668,996 (27,016)	3,425,945 	167,061,055 (5,287,204)
<b>Net investment income/(loss)</b>	<b>70,652,917</b>	<b>85,791,174</b>	<b>1,261,835</b>	<b>641,980</b>	<b>3,425,945</b>	<b>161,773,851</b>
<b>Total additions/(reduction)</b>	<b>107,882,087</b>	<b>127,357,284</b>	<b>2,642,297</b>	<b>1,370,952</b>	<b>14,076,852</b>	<b>253,329,472</b>
<b>Deductions:</b> Benefit paid Contributions refunded Administrative expenses	44,576,144 905,574 709,857	58,509,958 64,979 769,079	766,688  52,105	370,725  83,711	10,111,628  94,831	114,335,143 970,553 1,709,583
<b>Total deductions</b>	<b>46,191,575</b>	<b>59,344,016</b>	<b>818,793</b>	<b>454,436</b>	<b>10,206,459</b>	<b>117,015,279</b>
<b>Net increase/(decrease)</b>	<b>61,690,512</b>	<b>68,013,268</b>	<b>1,823,504</b>	<b>916,516</b>	<b>3,870,393</b>	<b>136,314,193</b>
<b>Net position - amount restricted for pension and OPEB benefits - beginning of year</b>	<b>554,933,714</b>	<b>806,424,132</b>	<b>15,285,919</b>	<b>7,778,886</b>	<b>27,130,830</b>	<b>1,411,553,481</b>
<b>Net position - amount restricted for pension and OPEB benefits - end of year</b>	<b>\$ 616,624,226</b>	<b>\$ 874,437,400</b>	<b>\$ 17,109,423</b>	<b>\$ 8,695,402</b>	<b>\$ 31,001,223</b>	<b>\$ 1,547,867,674</b>

**CITY OF MIAMI BEACH, FLORIDA**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Fiscal Year Ended September 30, 2017**

	September 30, 2016	Additions	Deductions	September 30, 2017
<u>Assets</u>				
Cash and investments	\$ 17,992,154	\$ 96,335,436	\$ 92,633,254	\$ 21,694,336
Accounts receivable	119,784	7,770,017	7,808,837	80,964
Total Assets	<u>\$ 18,111,938</u>	<u>\$ 104,105,453</u>	<u>\$ 100,442,091</u>	<u>\$ 21,775,300</u>
<u>Liabilities</u>				
Accounts payable	\$ 351,617	\$ 76,239,851	\$ 76,313,096	\$ 278,372
Deposits	17,760,321	96,820,132	93,083,525	21,496,928
Total Liabilities	<u>\$ 18,111,938</u>	<u>\$ 173,059,983</u>	<u>\$ 169,396,621</u>	<u>\$ 21,775,300</u>

# MIAMI BEACH

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**CITY OF MIAMI BEACH, FLORIDA  
COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS**

**September 30, 2017**

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
<b>Assets</b>			
Cash and investments	\$ 3,965,702	\$ 69,461	\$ 4,035,163
Due from primary government	521,376		521,376
Accounts receivable		4,795	4,795
Capital assets, net of accumulated depreciation	<u>139,493</u>		<u>139,493</u>
Total assets	<u>4,626,571</u>	<u>74,256</u>	<u>4,700,827</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows- net pension resources	<u>166,087</u>		<u>166,087</u>
Total deferred outflows of resources	<u>166,087</u>		<u>166,087</u>
<b>Liabilities</b>			
Accrued expenses	250		250
Accrued grants	<u>508,652</u>		<u>508,652</u>
Total current liabilities	<u>508,902</u>		<u>508,902</u>
Non-current liabilities			
Net pension liability	607,226		607,226
Compensated absences	<u>23,088</u>		<u>23,088</u>
Total non-current liabilities	<u>630,314</u>		<u>630,314</u>
Total liabilities	<u>1,139,216</u>		<u>1,139,216</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows-net pension liability	<u>5,102</u>		<u>5,102</u>
Total deferred inflows of resources	<u>5,102</u>		<u>5,102</u>
<b>Net Position</b>			
Net investment in capital assets	139,493		139,493
Unrestricted	<u>3,508,847</u>	<u>74,256</u>	<u>3,583,103</u>
Total net position	<u>\$ 3,648,340</u>	<u>\$ 74,256</u>	<u>\$ 3,722,596</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Fiscal Year Ended September 30, 2017**

		Net (Expense) Revenue and Changes in Net Position		
		Visitor and Convention Authority	Health Facilities Authority	Totals
	<u>Expenses</u>			
<b>Miami Beach Visitor and Convention Authority</b>				
Cultural - grant program	\$ 1,339,765	\$ (1,339,765)	\$	\$ (1,339,765)
General administrative	765,001	(765,001)		(765,001)
Total Miami Beach Visitor and Convention Authority	<u>2,104,766</u>	<u>(2,104,766)</u>		<u>(2,104,766)</u>
<b>Miami Beach Health Facilities Authority</b>				
General administrative	<u>342</u>		<u>(342)</u>	<u>(342)</u>
Total component units	<u>\$ 2,105,108</u>			<u>(2,105,108)</u>
General revenues:				
Resort tax allocation		2,651,436		2,651,436
Interest		<u>3,926</u>	<u>28</u>	<u>3,954</u>
Total general revenues		<u>2,655,362</u>	<u>28</u>	<u>2,655,390</u>
Change in net position		550,596	(314)	550,282
Net position - beginning		3,097,744	74,570	3,172,314
Net position - ending		<u>\$ 3,648,340</u>	<u>\$ 74,256</u>	<u>\$ 3,722,596</u>

# MIAMI BEACH

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# **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Miami Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**CITY OF MIAMI BEACH, FLORIDA**  
**NET POSITION BY COMPONENT,**  
**LAST TEN FISCAL YEARS**

*(accrual basis of accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 286,954,685	\$ 340,034,409	\$ 375,968,328	\$ 400,586,856	\$ 428,246,552	\$ 429,859,674	\$ 429,989,670	\$ 491,485,745	\$ 558,538,326	\$ 712,557,077
Restricted	142,367,431	232,738,568	99,434,540	66,049,987	108,516,557	129,615,957	146,377,701	172,033,018	191,637,742	196,069,003
Unrestricted	84,688,344	2,239,393	126,677,221	136,255,477	118,779,886	131,579,116	160,427,999	(175,574,362)	(231,946,281)	(383,459,279)
Total net position for governmental activities	<u>513,990,460</u>	<u>575,012,370</u>	<u>602,080,089</u>	<u>602,892,320</u>	<u>655,542,995</u>	<u>691,054,747</u>	<u>736,795,370</u>	<u>487,944,401</u>	<u>518,229,787</u>	<u>525,166,801</u>
<b>Business-type activities</b>										
Net investment in capital assets	239,922,397	320,033,874	346,807,794	381,291,750	375,703,323	382,255,186	343,218,833	410,865,702	474,091,817	438,446,944
Restricted	21,887,662	18,984,310	41,033,514	36,061,707	41,491,319	40,085,381	88,568,103	48,205,531	159,759,212	135,521,099
Unrestricted	167,223,594	122,454,301	114,224,652	124,563,510	146,511,507	161,059,156	188,294,644	135,968,387	26,903,541	49,706,270
Total net position for business-type activities	<u>429,033,653</u>	<u>461,472,485</u>	<u>502,065,960</u>	<u>541,916,967</u>	<u>563,706,149</u>	<u>583,399,723</u>	<u>600,081,580</u>	<u>595,039,620</u>	<u>660,754,570</u>	<u>623,674,313</u>
<b>Primary government</b>										
Net investment in capital assets	526,877,082	660,068,283	722,776,122	781,878,606	803,949,875	812,114,860	773,208,503	902,351,447	1,032,630,143	1,151,004,021
Restricted	164,255,093	251,722,878	140,468,054	102,111,694	150,007,876	169,701,338	234,945,804	220,238,549	351,396,954	331,590,102
Unrestricted	251,891,938	124,693,694	240,901,873	260,818,987	265,291,393	292,638,272	328,722,643	(39,605,975)	(205,042,740)	(333,753,009)
Total net position for primary government	<u>\$ 943,024,113</u>	<u>\$ 1,036,484,855</u>	<u>\$ 1,104,146,049</u>	<u>\$ 1,144,809,287</u>	<u>\$ 1,219,249,144</u>	<u>\$ 1,274,454,470</u>	<u>\$ 1,336,876,950</u>	<u>\$ 1,082,984,021</u>	<u>\$ 1,178,984,357</u>	<u>\$ 1,148,841,114</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**CHANGES IN NET POSITION,**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government										
Public safety	\$ 44,608,072	\$ 44,331,119	\$ 44,772,492	\$ 47,705,535	\$ 41,088,006	\$ 45,986,648	\$ 43,365,675	\$ 47,397,904	\$ 52,618,959	\$ 66,172,986
Physical environment	149,953,945	155,153,733	164,903,020	176,946,485	175,282,705	188,420,690	197,239,550	192,976,434	220,109,566	248,568,234
Transportation	1,684,934	2,927,314	2,654,793	2,883,878	2,412,040	2,739,664	3,168,494	4,198,730	5,548,076	7,053,251
Economic environment	9,733,789	8,927,038	10,229,616	10,639,329	16,084,458	11,842,969	14,386,802	17,448,894	18,120,846	24,832,644
Human services	4,293,175	3,934,183	12,569,809	20,504,954	4,408,521	4,537,985	4,876,697	5,611,831	6,535,179	6,669,550
Culture and recreation	1,721,151	1,606,517	1,714,419	1,462,354	2,218,460	2,138,763	2,212,540	2,783,057	3,332,947	3,247,822
Interest on long-term debt	39,430,360	41,569,779	42,088,492	43,241,187	43,713,126	49,424,532	53,476,429	59,368,604	63,385,681	64,872,655
Total governmental activities expenses	12,476,916	11,767,919	11,294,742	10,571,366	9,739,449	9,467,986	8,819,846	8,242,353	30,627,226	25,017,810
Business-type activities:	263,902,342	289,527,602	290,227,383	313,955,088	294,944,765	314,559,267	327,546,033	338,027,807	400,278,480	444,434,952
Stormwater	4,980,583	3,755,854	4,116,313	4,831,699	6,713,885	7,651,595	7,876,993	10,418,758	9,508,836	13,375,369
Water	20,930,577	23,467,862	26,677,078	28,376,149	27,124,273	28,797,909	28,965,261	29,255,282	30,317,357	29,813,596
Sewer	26,619,914	25,425,037	28,895,679	28,548,149	28,205,784	31,186,853	31,373,772	35,733,735	38,583,070	44,612,955
Parking	24,612,370	25,141,478	26,903,927	28,674,475	28,773,518	33,137,387	38,123,221	43,015,148	48,634,653	46,634,653
Convention Center	17,788,549	14,743,596	13,520,338	14,270,835	17,666,204	17,153,279	17,417,988	16,190,590	14,495,430	18,255,990
Other	13,860,607	15,784,821	19,138,483	19,079,420	19,686,052	20,029,662	20,132,046	21,516,603	21,983,702	25,717,476
Total business-type activities expenses	110,792,600	108,318,648	119,251,818	124,780,727	128,171,249	137,956,665	142,837,578	151,238,189	157,913,543	178,410,039
Total primary government expenses	\$ 374,694,942	\$ 377,846,250	\$ 409,479,201	\$ 438,735,815	\$ 423,116,014	\$ 452,515,952	\$ 470,383,611	\$ 489,265,996	\$ 588,192,023	\$ 622,844,991
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 30,588,011	\$ 47,607,219	\$ 43,225,083	\$ 50,693,412	\$ 55,699,107	\$ 67,605,958	\$ 72,088,018	\$ 75,232,828	\$ 80,758,157	\$ 81,694,256
Public safety	23,485,245	5,668,803	5,707,217	2,403,350	7,934,329	8,146,390	8,101,151	9,073,918	10,190,087	10,165,262
Culture and recreation	5,837,885	6,513,589	6,852,311	10,969,329	7,284,999	7,708,231	8,120,209	8,497,903	8,744,939	8,396,344
Other	34,470	20,305	16,040	14,470	17,745	29,211	42,993	1,723,853	35,917	27,390
Operating grants and contributions	25,591,865	18,890,498	30,959,673	27,185,554	25,061,223	19,528,573	19,206,319	27,376,359	17,240,055	17,671,894
Capital grants and contributions	14,732,625	4,766,094	8,313,962	4,400,711	4,899,293	3,449,389	3,937,362	13,830,495	1,913,922	1,022,828
Total governmental activities program revenue	100,270,121	83,466,508	95,074,286	95,666,826	100,896,696	106,467,752	111,496,052	135,735,346	118,883,077	118,977,974
Business-type activities:										
Charges for services:										
Stormwater	7,109,411	9,671,731	11,212,773	11,683,524	11,612,237	11,671,714	11,715,299	21,258,353	21,490,894	28,570,734
Water	23,080,564	30,141,576	32,941,405	33,303,263	33,172,990	32,788,878	33,403,046	33,870,737	35,403,282	34,308,346
Sewer	28,953,077	32,906,403	35,786,811	35,248,733	35,091,105	35,409,042	36,737,566	42,169,257	45,389,228	50,534,934
Parking	25,626,973	28,267,558	30,014,763	34,876,171	38,185,494	40,302,744	40,049,313	42,672,887	51,499,302	47,285,421
Convention Center	9,044,165	6,899,642	6,376,576	6,899,642	9,494,576	8,302,719	8,302,719	17,147,941	5,937,041	2,719,642
Other	10,038,593	10,758,578	9,787,677	10,588,118	15,046,388	17,467,720	20,820,772	20,486,111	21,509,417	22,418,979
Operating grants and contributions	14,833,004	13,360,122	13,862,449	13,944,300	10,659,421	10,025,165	10,622,366	12,000,851	7,741,012	2,915,802
Capital grants and contributions	-	-	-	-	-	-	-	-	38,982,120	10,037,561
Total business-type activities program revenue	118,685,767	131,990,244	140,524,520	146,020,682	153,737,354	157,160,023	161,651,235	189,606,137	227,952,296	198,791,419
Total primary government program revenue	\$ 218,955,908	\$ 215,456,752	\$ 235,598,806	\$ 241,687,508	\$ 254,634,050	\$ 263,627,775	\$ 273,147,287	\$ 325,341,483	\$ 346,835,373	\$ 317,769,393

**CITY OF MIAMI BEACH, FLORIDA**  
**CHANGES IN NET POSITION,**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (163,632,221)	\$ (186,061,094)	\$ (195,153,097)	\$ (218,288,262)	\$ (194,048,069)	\$ (208,091,515)	\$ (216,049,981)	\$ (202,292,461)	\$ (281,395,403)	\$ (325,456,978)
Business-type activities	7,893,187	23,671,596	21,272,702	21,239,955	25,566,105	19,203,338	18,813,657	38,367,948	70,038,753	20,381,380
Total primary government net expense	<u>\$ (155,739,034)</u>	<u>\$ (162,389,498)</u>	<u>\$ (173,880,395)</u>	<u>\$ (197,048,307)</u>	<u>\$ (168,481,964)</u>	<u>\$ (188,888,177)</u>	<u>\$ (197,236,324)</u>	<u>\$ (163,924,513)</u>	<u>\$ (211,356,650)</u>	<u>\$ (305,075,598)</u>
<b>General Revenues and Other Changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 131,565,285	\$ 133,505,827	\$ 119,990,444	\$ 113,448,485	\$ 116,004,442	\$ 117,163,768	\$ 121,595,988	\$ 133,099,279	\$ 147,504,790	\$ 167,206,453
Resort taxes	38,100,260	37,412,291	42,394,976	48,773,891	53,920,167	58,617,992	61,760,518	67,999,916	82,633,144	81,910,032
Tax increment	48,964,692	47,655,082	44,012,804	46,145,257	42,411,382	43,297,433	49,962,380	38,094,108	44,974,888	51,843,091
Utility taxes	13,785,949	9,225,871	9,975,273	10,209,678	10,293,270	11,391,955	12,364,114	12,192,935	12,308,962	12,582,522
Communication service		7,196,266	6,328,924	5,859,093	5,443,905	4,583,368	4,678,905	4,519,938	4,963,225	3,745,968
Local business tax	3,341,802	3,684,320	4,298,739	4,242,891	4,404,357	4,411,851	4,493,950	4,629,996	4,098,786	5,029,398
Miscellaneous	1,304,665	894,995	6,663,210	618,470	883,457	982,771	1,154,512	1,437,032	2,162,942	2,037,864
Unrealized loss on investments						(5,241,121)				
Unrestricted investment earnings	14,715,094	10,899,704	3,102,439	3,288,360	4,749,664	3,494,199	3,088,992	5,264,909	4,415,405	5,786,366
Gain or (loss) on disposal of capital assets	220,559	28,837	89,522	264,801	259,635	491,394	200,295	387,671	409,907	13,699
Extraordinary Expense									(1,858,400)	769,066
Transfers	(252,411)	(3,420,189)	(14,825,515)	(13,750,433)	8,328,465	4,409,667	4,663,756	9,763,889	10,067,140	1,469,533
Total governmental activities	<u>251,765,795</u>	<u>247,083,004</u>	<u>222,220,816</u>	<u>219,100,493</u>	<u>246,698,744</u>	<u>243,603,267</u>	<u>263,963,410</u>	<u>277,399,673</u>	<u>311,680,789</u>	<u>332,393,992</u>
Business-type activities:										
Tax increment	2,357,697	2,405,168	2,619,643	3,071,141	3,046,200	3,671,000	3,671,000		3,671,000	11,425,128
Resort Taxes									-	-
Unrealized gain on investments						(178,004)	(12,388)	297,864		
Unrestricted investment earnings	5,871,523	2,941,879	2,083,080	1,714,113	1,391,120	1,333,480	1,114,406	777,943	1,661,658	1,482,014
Gain (Loss) on disposal of capital assets			(7,465)	75,365	114,222	73,427	107,809	170,013	410,679	(68,899,246)
Transfers	252,411	3,420,189	14,825,515	13,750,433	(8,328,465)	(4,409,667)	(4,663,756)	(9,763,889)	(10,067,140)	(1,469,533)
Total business-type activities	<u>8,481,631</u>	<u>8,767,236</u>	<u>19,320,773</u>	<u>18,611,952</u>	<u>(3,776,923)</u>	<u>490,236</u>	<u>217,071</u>	<u>(6,518,069)</u>	<u>(4,323,803)</u>	<u>(57,461,637)</u>
Total primary government	<u>\$ 260,247,426</u>	<u>\$ 255,850,240</u>	<u>\$ 241,541,589</u>	<u>\$ 237,711,545</u>	<u>\$ 242,921,821</u>	<u>\$ 244,093,503</u>	<u>\$ 264,180,481</u>	<u>\$ 268,871,604</u>	<u>\$ 307,356,986</u>	<u>\$ 274,932,355</u>
<b>Change in net position</b>										
Governmental activities	\$ 88,133,574	\$ 61,021,910	\$ 27,067,719	\$ 812,231	\$ 52,650,675	\$ 35,511,752	\$ 47,913,429	\$ 75,097,212	\$ 30,285,386	\$ 6,937,014
Business-type activities	16,374,818	32,438,832	40,593,475	39,851,007	21,789,182	19,693,574	19,030,728	29,849,879	65,714,950	(37,080,257)
Total primary government	<u>\$ 104,508,392</u>	<u>\$ 93,460,742</u>	<u>\$ 67,661,194</u>	<u>\$ 40,663,238</u>	<u>\$ 74,439,857</u>	<u>\$ 55,205,326</u>	<u>\$ 66,944,157</u>	<u>\$ 104,947,091</u>	<u>\$ 96,000,336</u>	<u>\$ (30,143,243)</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,845,391									
Unreserved	44,645,724									
Nonspendable		164,846		78,020	10,558	332		19,765	1,268	
Restricted		6,200,000	4,653,291	4,653,291	5,188,291	7,288,291	4,752,809	8,328,543	10,436,543	11,447,181
Committed		39,821,254		272,922	3,915,257	3,048,458	29,505,725	48,151,901	48,307,433	59,243,040
Assigned		4,499,003	44,452,200	47,865,087	47,506,132	43,900,089	16,244,357	2,791,000	3,139,732	500,000
Unassigned		4,385,813	6,053,327	2,906,247	4,232,166					
Total general fund	\$ 46,491,115	\$ 55,070,916	\$ 55,158,818	\$ 55,775,567	\$ 60,852,404	\$ 54,138,180	\$ 50,502,881	\$ 59,291,209	\$ 61,884,976	\$ 71,190,221
All Other Governmental Funds										
Reserved	\$ 55,922,849									
Unreserved, reported in:										
Special revenue funds	61,423,282									
Capital projects fund	170,639,551									
Nonspendable		4,490	4,489	4,490	4,490	4,490				52,500
Restricted		219,624,064	226,066,215	219,902,708	231,046,613	250,022,626	266,604,162	278,623,633	671,137,967	448,306,775
Committed		50,557,449	45,904,634	42,625,948	39,723,193	39,141,545	43,288,503	38,450,565	47,915,741	41,600,188
Assigned		49,918	69,221	53,020	42,116	165,534	752,927			
Unassigned			(3,540,285)	(2,445,745)	(4,596,490)	(4,537,581)	(2,380,199)	(1,675,799)	(2,430,061)	(14,771,011)
Total all other governmental funds	\$ 287,985,682	\$ 270,235,921	\$ 268,504,274	\$ 260,140,421	\$ 266,219,922	\$ 284,796,614	\$ 308,285,393	\$ 315,398,399	\$ 716,623,647	\$ 475,188,452

**CITY OF MIAMI BEACH, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

Fiscal Year Ended September 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 240,892,131	\$ 240,019,580	\$ 233,363,354	\$ 236,204,970	\$ 240,478,321	\$ 246,332,649	\$ 261,527,060	\$ 269,294,092	\$ 303,445,683	\$ 329,005,151
Franchise fees	10,259,817	9,265,529	8,456,962	8,005,556	9,261,120	7,775,685	8,206,099	8,361,063	8,067,568	8,323,438
Permits	15,753,552	15,761,752	10,746,531	12,649,435	15,825,051	17,897,983	19,638,114	23,123,876	24,168,916	25,505,418
Intergovernmental	27,649,446	17,446,057	30,551,634	21,083,904	20,726,490	17,468,586	17,280,372	18,166,906	17,232,200	15,082,659
Charges for services	10,927,789	12,292,964	12,647,769	13,453,404	15,793,374	16,547,096	21,520,543	23,191,434	23,896,852	23,207,231
Rents & leases	4,380,278	4,909,518	4,856,424	5,611,215	6,154,965	6,821,959	6,801,937	7,134,082	6,935,619	6,927,962
Interest	13,935,715	10,207,446	2,611,739	2,924,400	4,471,754	3,266,792	2,857,175	5,044,062	4,186,774	5,688,621
Fines and forfeitures	3,236,217	2,627,410	3,419,409	3,090,229	3,391,565	3,276,222	3,143,282	2,690,178	2,556,092	2,435,516
Administrative fees	8,407,423	8,407,571	8,827,372	14,830,787	15,018,027	15,585,882	14,446,790	15,027,026	19,017,177	18,722,193
Special assessment	918,633	767,239	741,796	748,128	697,000	737,063	647,145	282,647	238,294	225,639
Impact fees	5,746,024	1,448,689	1,211,002	1,897,593	5,319,311	2,340,350	4,439,358	10,377,988	2,208,524	3,208,281
Other revenues	6,813,440	6,178,008	8,052,435	9,043,926	4,090,875	3,938,918	2,881,720	4,145,958	1,941,465	2,658,893
Total revenues	348,920,465	329,331,763	325,486,427	331,543,547	341,227,853	341,999,185	363,399,595	386,842,312	413,893,164	441,001,002
<b>Expenditures</b>										
General government	41,599,216	41,509,515	40,436,067	54,260,197	44,345,488	43,932,077	44,948,607	48,528,841	54,034,457	54,784,677
Physical safety	145,980,228	147,543,192	153,278,244	163,631,354	169,615,823	178,483,658	184,316,059	190,560,357	202,413,979	218,797,756
Public environment	1,650,073	2,156,520	2,435,047	2,618,574	2,134,541	2,414,724	2,765,742	3,822,556	4,833,660	6,641,109
Transportation	6,952,067	5,503,295	6,236,431	4,712,854	5,489,882	5,083,060	5,944,005	9,120,845	10,106,470	15,975,480
Economic environment	4,891,342	4,487,831	13,103,994	6,725,983	5,536,866	5,480,964	4,528,992	5,287,707	6,237,203	6,306,965
Human services	1,694,566	1,573,533	1,673,702	1,441,069	2,216,627	2,103,404	2,222,204	2,892,116	3,206,331	3,181,696
Culture and recreation	37,279,978	38,647,808	38,637,014	39,142,720	41,056,256	45,973,463	45,973,463	52,123,363	55,685,165	55,723,327
Capital Outlay	72,996,719	72,042,408	55,060,144	47,432,227	38,137,968	25,145,843	33,489,057	44,556,879	152,900,118	270,877,710
Debt service										
Principal	12,381,548	12,623,520	15,227,706	12,829,124	13,920,633	15,632,156	15,719,650	16,781,013	21,018,490	19,990,093
Interest	12,314,392	11,734,519	11,077,047	10,462,092	9,863,906	14,567,063	8,706,129	8,066,696	28,398,933	27,940,540
Other										174,056
Total expenditures	337,740,129	337,822,141	337,165,396	343,256,204	332,317,990	335,311,642	348,613,308	381,740,373	538,836,806	680,393,409
Excess of revenue over (under) expenditures	11,180,336	(8,490,378)	(11,678,969)	(11,712,657)	8,909,863	6,687,543	14,785,687	5,101,939	(124,943,642)	(239,392,407)
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds Issued					34,840,000				518,824,800	3,034,478
Premium on refunding bonds issued					3,117,141				52,632,633	19,679,000
Payment to escrow agent					(37,957,141)				(50,954,074)	(19,215,000)
Transfer to escrow agent										
Proceeds from loan								313,000		8,338
Sale of assets	12,127	5,421	4,478	14,592	34,321	30,478	20,850	13,392	18,220	
Transfers in	97,778,854	80,582,562	71,821,958	64,082,002	91,924,389	87,275,289	101,957,775	80,751,364	635,933,939	93,919,605
Transfers out	(98,559,226)	(81,247,765)	(75,070,671)	(60,131,041)	(89,712,235)	(82,130,842)	(96,910,822)	(70,278,371)	(625,834,461)	(90,933,030)
Total other financing sources (uses)	(768,245)	(679,782)	10,035,424	3,965,553	2,246,475	5,174,925	5,067,803	10,799,385	530,621,057	6,493,391
EXTRAORDINARY ITEM										
Extraordinary expense									(1,858,400)	769,066
Net change in fund balances	\$ 10,412,091	\$ (9,170,160)	\$ (1,643,545)	\$ (7,747,104)	\$ 11,156,338	\$ 11,862,488	\$ 19,853,490	\$ 15,901,324	\$ 403,819,015	\$ (232,129,950)
Debt service as a percentage of noncapital expenditures	9.33%	9.16%	9.32%	7.87%	8.09%	9.74%	7.75%	7.37%	12.80%	11.75%

**CITY OF MIAMI BEACH, FLORIDA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year Ended September 30,	Real Property				Exemptions				Total Taxable Assessed Value	Total Direct Tax Rate <sup>d</sup>
	Residential Property	Commercial Property	Industrial Property	Other Property	Value of Taxable Property	Real property- Amendment 10 Excluded Value <sup>c</sup>	Less: Tax-Exempt Property	Adjustments to Just Value		
2008	\$ 21,027,850	\$ 5,290,322	\$ 51,426	\$ 2,795,713	\$ 29,165,311	\$	\$ 2,008,285	\$	\$ 27,157,026	5.8970
2009	18,911,637	5,265,399	51,025	2,528,317	26,756,378		1,703,041		25,053,337	5.8930
2010	16,794,033	5,735,610	35,601	1,512,322	24,077,566		1,668,428		22,409,138	5.9123
2011 <sup>b</sup>	18,228,553	5,551,314	48,983	2,599,899	26,428,749	1,651,400	2,624,675	47,932	22,104,742	6.5025
2012	18,370,666	5,909,382	48,770	2,643,427	26,972,245	1,740,330	2,614,791	638,834	21,978,290	6.4539
2013	20,334,542	6,246,840	38,810	2,713,143	29,333,335	2,311,720	2,615,045	1,334,248	23,072,322	6.3477
2014	22,262,896	6,870,554	34,051	2,776,696	31,944,197	2,787,123	2,507,009	1,993,488	24,656,577	6.1163
2015	26,372,550	7,457,822	31,671	3,004,039	36,866,082	3,888,518	2,478,873	3,394,820	27,103,871	6.0237
2016	31,699,064	9,389,064	43,114	3,516,886	44,648,127	5,649,696	2,504,591	5,795,949	30,697,891	5.9123
2017	36,227,540	10,081,176	55,583	4,012,695	50,376,994	6,835,074	2,601,055	6,243,108	34,697,757	5.8888

**Source:** 2015 Tax Roll for Miami-Dade County

**Note:** Increases in assessed value for homesteaded property is limited to 3% per year or CPI whichever is less and for non-homesteaded property the increase is limited to 10% per year.

**Note:** Exemptions for real property include: \$25,000 homestead exemption; an additional \$25,000 homestead exemption (excluding School Board taxes) starting in FY 2009; widows/widowers exemption; governmental exemption; disability/blind age 65 and older exemption; institutional exemption; economic development exemption and other exemptions as allowed by law.

<sup>a</sup> Data not available in individual real property categories for this year.

<sup>b</sup> Total actual and assessed values are estimates based on the First Certified 2011 Tax Roll made available on July 1, 2012, prior to any adjustments processed by the Value Adjustment Board.

<sup>c</sup> Amendment 10 was an amendment to the Florida Constitution in 1992 which capped the assessed value of properties with homestead exemption to increases of 3% per year or the Consumer Price Index, whichever is less (193,155, F.S.), no data available for fiscal years 2002 through 2010.

<sup>d</sup> Total direct rate includes 5.6009 mills for operating, 0.1083 mills for capital renewal and replacement and 0.2031 mills for debt service.

## (rate per \$1,000 of assessed value)

<sup>A</sup> Overlapping rates are those of local and county governments that apply to owners within the City of Miami Beach. Not all overlapping rates apply

**CITY OF MIAMI BEACH, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

2017			2008		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
Fountainbleau Florida Hotel LLC	\$ 413,325,860	1.19 %	MB Redev. Inc./Lowes Hotel	\$ 266,000,000	0.99 %
MB Redevelopment INC/Lowes Hotel	233,000,000	0.67	MCZ/ Centrum Flamingo II	156,000,000	0.58
2201 Collins Fee LLC	179,034,787	0.52	DiLido Beach Hotel Corp.	122,100,000	0.45
Florida Power & Light Company	175,326,811	0.51	Micheal S. Angell Tr/Fontainebleau	119,333,065	0.44
SB Hotel Owner LP	126,079,723	0.36	MCZ/Centrum Flamingo II	84,000,000	0.31
Seville Acquisition LLC	125,561,750	0.36	Sandy Lane Residential LLC	79,519,415	0.30
Eden Roc LLP	116,037,500	0.33	Philips S Beach LTD/Shore Club	70,920,159	0.26
Di Lido Beach Hotel Corp	116,000,000	0.33	Royal Palm Hotel LLC	67,477,567	0.25
PPF MBL Portfolio LLC	114,846,429	0.33	City Natl Bank of Florida	62,482,361	0.23
Playa Retail Investments LLC	114,175,001	0.33	South Gate Apartments	53,109,210	0.20
	<u>\$ 1,713,387,861</u>	<u>4.94 %</u>		<u>\$ 1,080,941,777</u>	<u>4.03 %</u>



**CITY OF MIAMI BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS,  
FISCAL YEARS 2007 THRU 2017**

Fiscal Year Ended September 30,	Taxes levied for the fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 150,418,073	\$ 145,433,238	96.69 %	\$ 4,831,611	\$ 150,264,849	99.90 %
2009	150,588,328	144,321,499	95.84	4,748,981	149,070,480	98.99
2010	138,703,567	131,355,903	94.70	4,029,310	135,385,213	97.61
2011	136,549,286	128,719,932	94.27	1,750,558	130,470,490	95.55
2012	134,753,401	129,572,373	96.16	3,400,840	132,973,213	98.68
2013	139,133,369	130,317,166	93.66	2,318,192	132,635,358	95.33
2014	143,266,670	139,729,175	97.53	2,906,543	142,635,718	99.56
2015	155,102,311	151,761,695	97.85	3,801,215	155,562,910	100.30
2016	172,420,383	168,150,832	97.52	3,991,663	172,142,495	99.84
2017	194,111,744	187,054,786	96.36		187,054,786	96.36

**Sources:** Millage and taxable value table, the City of Miami Beach adopted budget book, Miami-Dade County real estate delinquent tax system and the City of Miami Beach finance department.

**Note:** Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.

**A:** For the City of Miami Beach, the period for which levied coincides with the fiscal year.

**CITY OF MIAMI BEACH**  
**RATIOS OF OUTSTANDING DEBT BY TYPE,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year	Governmental Activities <sup>A</sup>													Total Governmental Activities		
	General Obligation Bonds		Resort Tax Revenue Bonds		Gulf Breeze Government Loan Program		Sunshine State Loan Program <sup>D</sup>		Pension Obligation Bonds		Redevelopment Agency Tax Increment Revenue Bonds		Loans Payable		Other Obligations	
2008	\$	76,085	\$		\$	30,417	\$	3,455	\$	45,590	\$	87,785	\$	11,559	\$	256,842
2009		73,580				24,650		2,930		42,885		83,740		10,528		239,573
2010		70,985				22,243				40,055		79,485		8,949		237,152
2011		68,280				19,739				37,095		75,035		9,438		224,812
2012		64,045				17,128				33,995		70,375		11,815		212,138
2013		61,745				14,386				30,550		66,058		12,374		198,664
2014		59,338				11,510				26,935		60,365		13,558		184,588
2015		55,419				8,484				23,160		55,367		11,779		166,010
2016		51,425		213,288		5,310				19,215		350,692 <sup>H</sup>		8,551		659,483
2017		47,363		208,906		4,350			<sup>I</sup>	342,669 <sup>H</sup>		25,843 <sup>I</sup>		25,843		639,252
Business-type activities															Total	
Fiscal Year	Storm Water Revenue Bonds <sup>E</sup>		Water and Sewer Revenue Bonds		Parking Revenue Bonds/Loan <sup>G</sup>		Loan Payable		Total Business Activities		Total Primary Government		Percentage of Personal Income		Per Capita	
2008	\$	45,075	\$	107,154	\$	26,241	\$	1,035	\$	181,513	\$	438,355		12.90 %	\$	4,6558
2009		43,970		103,439		24,639		1,133		175,190		414,763		12.23		4,3891
2010		42,645		129,437 <sup>F</sup>		22,960		1,220		198,272		435,424		12.84		4,6687
2011		42,700		125,557		45,966		1,670		217,904		442,716		13.62		5,0206
2012		94,646		121,507		44,040		2,025		264,230		476,368		13.55		5,2649
2013		93,108		117,272		42,059		1,793		256,245		454,909		11.85		4,9862
2014		92,487		114,492		40,686		1,271		250,950		435,538		11.99		4,7848
2015		190,545		109,569		38,476		1,143		339,733		505,743		13.24		5,5133
2016		187,619		105,810		101,620		770		395,819		1,055,302		24.51		11,5253
2017		184,169		99,406		99,658		276		383,509		1,022,761		22.70		11,1270

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
**Note:** Business-type activities outstanding debt is presented net of discount/premium.

- <sup>A</sup> Net of Premium and discount  
<sup>B</sup> See Demographic and Economic Statistics page for population information  
<sup>C</sup> New equipment lease began in fiscal year 2010  
<sup>D</sup> The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010  
<sup>E</sup> New debt issued in fiscal year 2012 and 2015  
<sup>F</sup> New debt issued in fiscal year 2010  
<sup>G</sup> New debt issued in fiscal year 2011 and 2016  
<sup>H</sup> New debt issued in fiscal year 2016  
<sup>I</sup> Pension Obligation bond was fully refunded with pension loan obtained by the City. Loan is reported in loans payable, see footnote 10.

**CITY OF MIAMI BEACH**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year	Net Bonded Debt							Percentage of Actual Taxable Value of Property		Debt Per Capita <sup>B</sup>
	General Obligation Bonds	Gulf Breeze Fixed Rate Bonds <sup>D</sup>	Pension Refunding Bonds	Sunshine State VRDS <sup>A</sup>	Total	Fund Balance Reduction	Grand Total			
2008	\$ 75,105	\$ 26,713	\$ 45,590	\$ 3,334	\$ 150,742	\$ (7,791)	\$ 142,951	0.56	%	\$ 1.6084
2009	72,702	24,163	42,885	2,930	142,680	(7,954)	134,726	0.53		1.5172
2010	70,196	21,587	40,055		131,838	(8,119)	123,719	0.53		1.4202
2011	67,579	18,601	37,095		123,275	(8,617)	114,658	0.56		1.4044
2012	62,491	15,499	33,995		111,985	(10,083)	101,902	0.51		1.2429
2013	59,692	12,583	30,550		102,825	(9,852)	92,973	0.45		1.1318
2014	56,519	9,455	26,935		92,909	(9,973)	82,936	0.38		1.0207
2015 <sup>C</sup>	55,419	8,484	23,160		87,063	(9,851)	77,212	0.32		0.9491
2016 <sup>C</sup>	51,425	5,310	19,215		75,950	(21,390)	54,560	0.25		0.8295
2017 <sup>C</sup>	47,363	4,350	-		51,713	(7,577)	44,136	0.15		0.5626

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>A</sup> The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010.

<sup>B</sup> See page 152 for population information.

<sup>C</sup> Debt net of premium and discount

<sup>D</sup> These bonds are repaid from general non ad-valorem funds. See Note 10 for more details.

**CITY OF MIAMI BEACH, FLORIDA  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 3,920,416,339	\$ 3,882,603,724	\$ 3,465,358,138	\$ 3,315,711,442	\$ 3,296,743,489
Total net debt applicable to limit	<u>75,105,405</u>	<u>72,702,497</u>	<u>70,195,935</u>	<u>67,579,117</u>	<u>62,490,554</u>
Legal Debt margin	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>	<u>\$ 3,248,132,325</u>	<u>\$ 3,234,252,935</u>
Total net debt applicable to the limit as a percentage of debt limit	1.92%	1.87%	2.03%	2.04%	1.90%
	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 3,460,848,297	\$ 3,698,486,533	\$ 4,065,580,713	\$ 4,604,683,630	\$ 5,204,663,566
Total net debt applicable to limit	<u>60,722,308</u>	<u>56,518,915</u>	<u>52,080,035</u>	<u>48,840,920</u>	<u>44,772,315</u>
Legal Debt margin	<u>\$ 3,400,125,989</u>	<u>\$ 3,641,967,618</u>	<u>\$ 4,013,500,678</u>	<u>\$ 4,555,842,710</u>	<u>\$ 5,159,891,251</u>
Total net debt applicable to the limit as a percentage of debt limit	1.75%	1.53%	1.28%	1.06%	0.86%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 34,697,757,108
Debt limit (15% of assessed value)	5,204,663,566
Debt applicable to limit:	
General obligation bonds	47,363,353
Less: Amount set aside for repayment of general obligation debt	<u>2,591,038</u>
Total net debt applicable to limit	<u>44,772,315</u>
Legal debt margin	<u>\$ 5,159,891,251</u>

Note: Assessed value is the certified taxable value as of January 1, 2015.

**CITY OF MIAMI BEACH, FLORIDA  
PLEDGED-REVENUE COVERAGE,  
LAST TEN FISCAL YEARS**

Fiscal Year	Revenue	Less: Operating Expenses	Net available Revenue	Debt Service		Coverage
				Principal	Interest	
Parking Revenue Bonds						
2008	\$ 29,387,855	\$ 18,654,187	\$ 10,733,668	\$ 1,576,944	\$ 1,390,054	3.62
2009	31,205,131	18,954,338	12,250,793	1,648,712	1,318,222	4.13
2010	32,943,350	19,279,179	13,664,171	1,727,294	1,240,684	4.60
2011	38,141,715	19,437,690	18,704,025	2,015,876	1,773,541	4.94
2012	40,254,446	20,364,735	19,889,711	1,909,458	2,121,143	4.93
2013	41,608,717	22,099,777	19,508,940	1,972,110	2,050,454	4.85
2014	40,423,375	25,631,104	14,792,271	2,049,762	1,977,231	3.67
2015	42,740,752	28,094,275	14,646,477	1,405,000	1,834,663	4.52
2016	52,263,779	31,863,161	20,400,618	2,230,508	3,882,226	3.34
2017	47,420,407	32,519,424	14,900,983	1,600,000	4,652,713	2.38

**Note:** Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees. The 5th & Alton and 7th Street Garages are not included as part of the Parking Systems Funds.

<b>Water &amp; Sewer Revenue Bonds</b>						
2008	\$ 54,366,038	\$ 37,618,570	\$ 16,747,468	\$ 3,480,000	\$ 5,331,556	1.90
2009	64,360,255	38,982,808	25,377,447	3,740,000	5,187,155	2.84
2010	69,632,326	45,831,721	23,800,605	3,775,000	5,036,856	2.70
2011	69,086,475	48,509,804	20,576,671	3,930,000	5,961,736	2.08
2012	68,622,998	46,769,683	21,853,315	4,100,000	5,801,135	2.21
2013	68,382,564	49,737,831	18,644,733	4,285,000	5,633,434	1.88
2014	69,399,550	49,242,030	20,157,520	3,185,000	5,476,073	2.33
2015	76,118,870	53,527,238	22,591,632	4,935,000	5,299,541	2.21
2016	80,863,818	57,123,647	23,740,171	3,770,000	5,111,733	2.67
2017	84,740,505	62,870,251	21,870,254	6,415,000	4,889,445	1.93

**Note:** Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds and water and sewer impact fees as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees.

<b>Stormwater Revenue Bonds</b>						
2008	\$ 8,493,071	\$ 3,189,531	\$ 5,303,540	\$ 1,085,000	\$ 2,484,422	1.49
2009	10,129,595	2,875,115	7,254,480	1,135,000	2,434,511	2.03
2010	11,444,244	2,716,689	8,727,555	1,190,000	2,381,166	2.44
2011	11,845,218	3,346,893	8,498,325		2,042,670	4.16
2012	11,754,024	3,770,907	7,983,117	1,500,000	3,337,013	1.65
2013	11,778,578	3,011,708	8,766,870	1,545,000	4,302,595	1.50
2014	11,938,937	3,287,102	8,651,835	1,590,000	4,258,872	1.48
2015	21,321,751	4,804,628	16,517,123	2,620,000	4,208,297	2.42
2016	21,833,308	4,467,788	17,365,520	2,720,000	8,516,865	1.55
2017	28,587,321	6,903,636	21,683,685	3,250,000	8,111,226	1.91

**Note:** Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees. No debt service was paid in state revolving loan, see footnote 10.

<b>Redevelopment Agency</b>						
2008	\$ 70,596,698	\$ 500,000	\$ 70,096,698	\$ 3,860,000	\$ 4,515,554	8.37
2009	70,858,394	500,000	70,358,394	4,045,000	4,329,697	8.40
2010	73,108,937	500,000	72,608,937	4,255,000	4,138,267	8.65
2011	81,936,306	500,000	81,436,306	4,450,000	3,943,254	9.70
2012	84,906,486	500,000	84,406,486	4,660,000	3,733,816	10.06
2013	90,690,478	500,000	90,190,478	4,885,000	3,512,766	10.74
2014	37,456,562	500,000	36,956,562	4,885,000	3,513,000	4.40
2015	36,251,898		36,251,898	5,375,000	3,039,103	4.31
2016	42,216,634		42,216,634	5,635,000	11,034,815	2.53
2017	49,332,005		49,332,005	6,495,000	15,170,579	2.28

**Note:** "Redevelopment Revenues" includes all operating revenues derived from RDA operations excluding tax increments relating to the Children's trust and excluding rents and leases. In 2017, this amounted to \$2.5 million for these sources. Per the bond documents, debt service coverage is "Trust Fund Revenues" as defined above divided by the annual debt service requirements. Therefore, operating expenses are \$0.

<b>Resort Tax</b>						
2016	\$ 82,754,779		\$ 82,754,779	\$ 3,830,000	\$ 6,708,978	7.85
2017	81,910,032		81,910,032	3,170,000	9,281,300	6.58

**Note:** This is the first year of the bond. Per the bond documents, "Resort Tax Revenues" are all revenues except for special assessment revenues. Per the bond documents, debt service coverage is "Resort Tax Revenues" as defined above divided by the annual debt service requirements. Therefore, operating expenses are \$0.

**CITY OF MIAMI BEACH, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**SEPTEMBER 30, 2017**

**DIRECT DEBT**

General obligation indebtedness		
Public improvement bonds	\$	46,380,000
Premium/(Discount)		<u>983,353</u>
Total General obligation indebtedness		47,363,353

Non-self-supporting indebtedness: <sup>A</sup>

Gulf breeze government loan program	4,350,000	
Pension Loan	14,988,000	
Tax increment revenue bonds	342,668,974	
Resort Tax bonds	208,906,324	
Energy savings obligation	<u>10,121,002</u>	
Total non-self-supporting indebtedness		<u>566,046,300</u>
Total direct indebtedness		<u>613,409,653</u>

**OVERLAPPING DEBT <sup>B</sup>**

Miami-Dade County		
Total general obligation indebtedness	1,700,151,000	
Percent applicable to City <sup>C</sup>	13.8053%	234,710,463
Total school district obligation indebtedness	920,008	
Percent applicable to City <sup>C</sup>	13.8053%	127,010
Total net non-self-supporting indebtedness	2,285,428,958	
Percent applicable to City <sup>C</sup>	13.8053%	<u>315,509,675</u>
Total overlapping debt		<u>550,347,148</u>
TOTAL DIRECT AND OVERLAPPING DEBT	\$	<u>1,163,756,801</u>

<sup>A</sup> Excludes self-supporting debt obligations.

<sup>B</sup> All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.

<sup>C</sup> Based upon 2016 assessed valuation figures for the City and Dade County.

**CITY OF MIAMI BEACH  
DEMOGRAPHIC AND ECONOMIC STATISTICS,  
LAST TEN CALENDAR YEARS**

Miami-Dade County							
Year	Miami Beach Population	Personal Income ( <i>thousands of dollars</i> )	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	School Age Population	Unemployment Rate
2007	93,721	\$ 85,978	\$ 36,081	\$ 2,187,394	\$ 74,987	431,184	3.1
2008	94,040	88,955	35,887	2,160,963	77,178	429,531	5.8
2009	92,833	90,916	36,357	2,074,138	A	427,034	10.7
2010	87,779	92,227	36,846	1,999,364	80,352	395,791	12.4
2011	90,097	96,657	37,834	2,007,052	82,935	396,973	11.3
2012	90,848	100,688	38,860	1,691,167	B	91,040	400,893
2013	91,026	104,373	39,880		A	95,058	398,203
2014	91,732	111,529	41,883		A	102,382	405,803
2015	91,564	116,553	47,026		A	114,771	402,337
2016	91,917	A	49,018		A	124,922	408,192

**Source:** Florida Statistical Abstract, US Census American Community Survey, Bureau of Labor Statistics, FDIC - Branch Office Deposits

<sup>A</sup> Data not available

<sup>B</sup> Does not include mobile homes, trailers or vessels, dealer or transporter license plates, half-year truck/tractor registrations or permanent government license plates.

**MIAMI-DADE COUNTY  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO**

Ten Largest Public Employers					
<u>Employer</u>	<u>2016*</u>		Percentage of Total County Employment	<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	33,477	1	2.64 %	54,861	1
Miami-Dade County	25,502	2	2.01	33,653	2
Federal Government	19,200	3	1.51	20,400	3
Florida State Government	17,100	4	1.35	17,000	4
Jackson Health System	9,797	5	0.77	11,875	5
City of Miami	3,997	6	0.32	4,600	8
Florida International University	5,740	7	0.45	8,500	6
Homestead AFB	3,250	8	0.26		
Miami VA Medical Center	2,500	9	0.20	2,310	10
Miami Dade College	2,390	10	0.19	5,865	7
City of North Miami Beach				3,878	9

Ten Largest Private Employers					
<u>Employer</u>	<u>2016*</u>		Percentage of Total County Employment	<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>
University of Miami	12,818	1	1.01 %	12,765	1
Baptist Health South Florida	11,353	2	0.90	11,615	3
American Airlines	11,031	3	0.87	9,000	4
Carnival Cruise Lines	3,500	4 (t)	0.28		
Miami Children's Hospital	3,500	4 (t)	0.28		
Mount Sinai Medical Center	3,321	6	0.26		
Florida Power and Light	3,011	7	0.24		
Royal Caribbean	2,989	8	0.24		
Wells Fargo	2,050	9	0.16		
Bank of America Merrill Lynch	2,000	10	0.16		
Publix Super Markets				11,760	2
Precision Response Corporation				5,000	7
Bellsouth/AT&T				4,100	9
Winn-Dixie Stores				8,000	5
Florida Power & Light Co.				3,952	10
United Parcel Service				5,144	6
The Home Depot				4,500	8

**Source:** Employer and employees information provided by the Beacon Council. Miami Dade's Official Economic Development Partnership. Percentage of total County employment was calculated based on total County employment of 1,268,402 as provided by the Bureau of Economic Business Research (BEBR)

\*The principal employer data for fiscal year 2017 is not available as of the date of this report.

(t): Ranking is equal/tied based on the reported employee counts.



**CITY OF MIAMI BEACH, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST NINE FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Mayor and commission	19	19	19	18	18	18	18	20	19	20
City manager	11	11	10	10	10	10	13	15	16	16
Office of communications	8	6	5	5	5	5	4	9	9	14
Budget and performance improvement	19	19	18	18	18	18	18	20	20	20
Organization Development and Performance Initiatives								2	2	2
Finance	39	37	37	37	37	37	37	50	50	64
Information technology	43	40	38	36	36	37	36	38	39	44
Human resources	16	17	15	14	14	14	15	23	27	28
Labor relations <sup>C</sup>	3									
Risk Management <sup>F</sup>	6	6	6	7	7	7	6			
City clerk	16	16	14	14	14	13	14	14	15	15
Procurement	10	9	9	8	8	8	8	12	16	17
City attorney	22	20	19	19	19	19	19	21	22	22
Economic Development and Cultural Arts:										
Real Estate, Housing and Comm. Development <sup>E</sup>	6	5	13	13	13	13	11	11	15	27
Economic development	79	79	72	66	73	73	73	86	85	88
Building <sup>A</sup>										
Environment & Sustainability <sup>G</sup>	29	26	26	25	25	25	25	26	26	10
Planning	12	11	11	11	11	11	13	17	18	27
Tourism & cultural development	8	8	8	8	8	8	8	8	2	2
Bass museum										
Operations:										
Neighborhood services <sup>D</sup>	60	56	4	4	4	4	4	4	4	4
Community Services			42	30	41	41	42	57	58	61
Code compliance			182	156	173	173	167	152	150	151
Parks & recreation <sup>B</sup>	39	48	45	41	41	40	41	57	68	70
Public works	177	187	187	187	179	178	178	169	172	171
Sanitation	69	66	54	24	50	50	50	33	34	34
Property management	31	32	35	35	37	37	36	34	36	36
Capital improvement projects	120	118	117	83	116	110	111	107	114	115
Parking										
Sewer	41	38	33	35	35	34	34	37	37	37
Stormwater	26	25	23	23	21	21	29	32	32	32
Water	63	59	54	56	52	52	52	52	53	53
Fleet management	23	21	21	21	20	20	22	22	22	22
Transportation management								6	9	16
Public safety:										
Police - Officers	396	381	370	370	370	381	381	385	409	408
Police - Civilians	148	149	140	138	138	144	158	92	78	97
Fire - Officers	206	203	200	200	200	200	200	201	200	213
Fire - Civilians	23	27	26	27	27	27	27	27	30	31
Ocean rescue <sup>B</sup>	76	76	76	56	76	76	76	78	92	91
Emergency Management								72	73	78
Total	2,042	2,007	1,927	1,794	1,894	1,903	1,917	1,982	2,054	2,152

**Source:** City of Miami Beach Budget Department

**Note:** In FY 2011 the City reduced its FTE by 133, this is due to adopted efficiencies and service reductions.

<sup>A</sup>The City added additional positions in the building department in 2004 to address the increased volume of permit requests and provide better customer service.

<sup>B</sup>Beach patrol was transferred from the Parks & Recreation department to become the Ocean Rescue Division of the Fire department in 2004.

<sup>C</sup>Labor Relations was transferred to Human Resources in 2009.

<sup>D</sup>Neighborhood Service was dissolved in 2009.

<sup>E</sup>Housing and Comm Development was part of Neighborhood services in 2009 which merged with Economic development to become Real Estate, Housing and Comm Development.

<sup>F</sup>Risk Management merged with Human Resources in 2015

<sup>G</sup>Ordinance 2016-3997 was passed in 2016 to creating the Environment & Sustainability Department, previously part of the Building Department.

**CITY OF MIAMI BEACH, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2008	2009	2010	2011	Fiscal Year	2013	2014	2015	2016	2017
<b>General government:</b>										
Mayor and commission	46	39	44	43	35	26	73	69	72	97
Resolutions approved	251	308	274	245	230	266	382	383	435	428
City meetings	15	4	10	N/A	42	2	7	58	N/A	N/A
Better Place Requests Open and Closed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,855	39,092
Total Requests Received									27,805	37,735
Total Requests Completed										
Budget and performance improvement										
Audits performed	242	272	263	233	235	198	187	155	174	187
Grants awarded	\$ 2,483,516	\$ 6,934,165	\$ 5,639,593	\$ 3,221,421	\$ 2,869,671	\$ 3,574,486	\$ 3,447,853	\$ 3,146,417	\$ 8,002,420	\$ 5,974,620
Finance										
Utility customer accounts	10,044	10,044	10,057	10,061	10,062	10,070	10,075	10,085	10,125	10,123
Licenses issued	7,541	8,650	7,748	7,718	6,592	6,946	6,943	7,555	7,928	8,489
Lien statements	2,415	2,658	4,076	6,600	6,326	7,355	6,734	6,298	4,750	4,267
Annual resort tax accounts	1,054	1,066	1,050	1,067	1,066	1,087	1,054	1,058	1,049	1,030
Human resources										
Employees	1,926	1,902	1,869	1,837	1,824	1,905	1,930	1,960	2,054	2,152
Hires	195	188	206	146	154	176	163	218	258	380
Building										
Building and trade permits processed/issued	11,904	11,361	11,039	12,523	13,272	13,881	14,071	14,076	12,645	11,045
Certificates	337	383	411	342	417	529	536	558	587	597
Tourism & cultural development										
Film & print and special events permits	1,232	966	1,023	1,215	1,225	1,190	1,141	1,249	1,041	1,184
Bass Museum Visitors	30,071	26,414	29,642	26,477	36,708	47,162	64,323	53,093	21,570	9,716
Theater Events (Byron/Colony)	267	225	223	218	222	237	172	90	1,049	958
<b>Operations:</b>										
Parking										
Residential Parking Permits	28,131	11,557	11,830	12,357	13,720	12,523	14,566	13,539	13,647	13,663
Municipal Parking Permits	48,680	41,651	53,502	42,152	44,418	47,600	51,230	43,014	41,422	43,188
Total Vehicle Entries - Garages	2,363,600	2,254,119	2,162,618	2,530,878	2,582,466	2,887,722	3,310,093	3,121,623	3,172,477	2,895,615
Parks & recreation										
Summer Camp	2,317	2,758	2,398	2,538	2,561	2,568	2,653	2,699	3,230	2,457
After and Play School Participants	2,810	2,680	3,217	3,501	3,276	3,056	3,139	3,091	1,405	1,376
Athletic Activities	2,835	2,656	2,079	2,251	2,042	2,104	2,215	2,143	2,718	5,226
Pool Attendance	145,337	141,524	160,456	157,227	138,005	128,852	133,373	118,553	173,228	150,021
Golf course patrons <sup>A</sup>	42,850	66,356	73,447	80,782	71,526	76,230	79,532	75,542	74,237	71,807
Public Works-Engineering/Water/Sewer/Streets										
Right-of-Way permits issued	899	935	868	855	822	801	957	1,144	1,247	1,227
Cleaning and inspection of sewer lines	703,284	778,937	N/A	964,703	824,212	937,000	N/A	N/A	N/A	N/A
Storm sewers cleaned	59,000	78,279	N/A	1,253	97,425	N/A	N/A	N/A	N/A	N/A
Sanitation										
Residential Waste (tons per year)	14,892	13,354	12,980	12,172	10,233	8,920	8,972	8,278	8,036	8,036
Litter Cans	2,335	2,735	2,735	2,735	2,735	2,755	2,757	2,576	2,434	2,179
Mechanized Sweeping (miles per day)	20	20	20	20	20	20	20	20	20	20
Mobile Sweeping (miles per day)	156	156	156	156	156	156	156	156	156	156
Fleet Management										
Fuel consumed - diesel and unleaded (gallons)	866,571	890,529	903,675	900,211	858,767	698,280	849,400	847,359	862,970	899,289
Preventive maintenance jobs	2,911	3,160	3,053	3,181	3,174	3,519	3,153	3,334	3,549	4,334
Police										
Total number of arrests	13,804	13,338	10,801	9,588	9,890	10,577	8,280	6,644	6,458	5,790
Traffic Violations	49,389	44,521	39,586	49,561	48,344	50,590	71,562	64,478	57,488	46,695
Fire										
Emergency responses	22,640	25,015	20,356	21,429	22,263	22,948	23,415	25,185	25,384	26,081
Existing building inspections	2,292	978	1,500	1,107	773	961	1,985	1,461	3,248	3,056
Night club inspections	3,184	2,769	3,198	3,718	1,957	2,477	1,775	333	23	81
Site inspections	4,932	4,953	3,672	5,187	7,369	9,047	9,736	10,868	8,531	9,337
On duty inspections	1,984	1,856	1,793	1,478	1,774	1,233	1,774	1,946	2,086	N/A
Ocean rescue - victims rescued	506	579	645	747	531	733	575	788	886	495
Ocean rescue prevention	455,757	349,882	320,858	257,862	250,310	273,543	208,027	217,367	228,294	232,017

**N/A** - Information not available or service is not longer being performed.

**Source:** Various City of Miami Beach departments and Departmental Workplans.

<sup>A</sup> The City opened a second golf course which was operational for 9 months

<sup>B</sup> In FY 2010 the City used a new method to track requests from residents.

<sup>C</sup> Decrease is due to Bass Museum renovation.

**CITY OF MIAMI BEACH, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	4	4	4	4	4	4	4	4	4	4
Vehicles assigned to the police department	440	440	486	486	530	530	530	530	530	548
Fire stations	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	180	180	180	180	180	180	180	180	180	180
Water valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire hydrants	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Fire lines	717	717	717	717	717	717	717	717	717	717
Meters	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460
Water pumping stations	5	5	5	5	5	5	5	5	5	5
Storage capacity (thousands of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	14,000
Stormwater										
Stormwater pipes (miles)	59	59	59	59	59	59	59	59	99	99
Drainage basins	172	172	172	172	172	172	172	471	471	471
Stormwater catch basins	6,000	6,000	6,000	6,000	6,000	6,000	6,000	4,779	4,779	4,779
Manholes	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,616	2,616	2,616
Sewer										
Sanitary gravity sewer pipes (miles)	152	152	152	152	152	152	152	122	122	122
Force main pipes (miles)	21	21	21	21	21	21	21	22	22	22
Manholes	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,160	3,160	3,160
Wastewater pump stations	23	23	23	23	23	23	23	23	23	23
Other public works										
Streets (miles)	140	140	140	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200	200	200	200
Alleys (miles)	33	33	33	33	33	33	33	33	33	33
Seawalls (linear feet)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Streetlights	6,200	6,200	6,893	6,893	6,893	6,893	6,893	6,893	6,893	7,200
Street lights cable (miles)	265	265	263	263	263	263	263	263	263	263
Parking										
Parking Lots & Garages	68	70	75	76	76	76	76	76	77	77
Parking Spaces	8,404	8,404	8,404	8,424	8,592	8,424	8,424	8,424	8,424	9,677
Parks and recreation										
Recreational open space (acres)	727	727	727	727	727	727	727	526	526	524
Playground tot-lots	15	19	15	19	19	19	19	20	21	21
Stadiums	2	2	2	2	2	2	2	1	1	1
Sports fields	7	7	7	7	7	7	7	5	5	5
Tennis sites	6	6	6	7	7	7	7	6	6	6
Basketball court sites	10	10	10	10	10	10	10	10	10	10
Ice Rink	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	3	2	2	2
Bark parks	3	4	3	4	4	4	5	9	9	9
Parks - passive and staffed	26	26	26	26	26	36	36	42	41	41
Municipal regulation golf courses	2	2	2	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	98	98	97	98	N/A	N/A	N/A	84	87	87
Sanitation										
Sweepers	9	9	6	6	6	N/A	N/A	N/A	N/A	N/A
Front end loader	3	3								
Trucks, Vans, and other vehicles	74	83	79	84	90	N/A	N/A	N/A	N/A	N/A
Pressure washers	9	9	9	7	7	N/A	N/A	N/A	N/A	N/A
Transit-minibuses	4	4								

**Source:** Various City of Miami Beach departments.

N/A- Data not available

# MIAMI BEACH

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# **SINGLE AUDIT REPORTS**

**CITY OF MIAMI BEACH, FLORIDA**

**SINGLE AUDIT REPORT IN ACCORDANCE WITH  
UNIFORM GUIDANCE AND CHAPTER 10.550  
RULES OF THE AUDITOR GENERAL**

For the Year Ended September 30, 2017

CITY OF MIAMI BEACH, FLORIDA  
SINGLE AUDIT REPORT IN ACCORDANCE WITH  
UNIFORM GUIDANCE AND CHAPTER 10.550  
RULES OF THE AUDITOR GENERAL  
For the Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the City of Miami Beach Florida Employees' Retirement Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. Our report also includes a reference to other auditors who audited the financial statements of the City Pension Fund for Firefighters and Police Officers, as described in our report on the City's financial statements. The financial statements of the City Pension Fund for Firefighters and Police Officers were not audited in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Miami, Florida  
March 30, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
CHAPTER 10.550 RULES OF THE AUDITOR GENERAL

The Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

**Report on Compliance for Each Major Federal Program and State Financial Assistance Project**

We have audited the City of Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state financial assistance projects for the year ended September 30, 2017. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance to its federal programs and state financial assistance projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program and State Financial Assistance Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2017.

### ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state financial assistance project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 30, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Crowe Horwath LLP

Miami, Florida  
May 22, 2018

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended September 30, 2017**

<b>Federal Grantor/Pass-Through Entity Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Current Year Expenditures</b>	<b>Outstanding Loan Balance</b>	<b>Adjustments to Prior Year Expenditures</b>	<b>Total Current Year Expenditures</b>	<b>Passed through to Subrecipients</b>
<b>Federal Grants:</b>							
<b>U.S. Department of Commerce</b>							
Passed-through the State of Florida Department of Environmental Protection: Coastal Zone Management Administration Award: Indian Creek Park Shoreline Stabilization and Protection	11.419	CM516	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -
<b>Total U.S. Department of Commerce</b>			<b>30,000</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>
<b>U.S. Department of Defense</b>							
Passed through U.S. Army Corps, Jacksonville District: Flood Control Projects: City of Miami Beach, Mount Sinai Medical Center, Section 14 Project	12.106	N/A	31,250	-	-	31,250	-
<b>Total U.S. Department of Defense</b>			<b>31,250</b>	<b>-</b>	<b>-</b>	<b>31,250</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development</b>							
Direct Programs:							
Community Development Block Grant/ Entitlement Grants	14.218	B-11-MC-12-0014	21,088	-	-	21,088	-
Community Development Block Grant/ Entitlement Grants	14.218	B-06-MC-12-0014	31	-	-	31	-
Community Development Block Grant/ Entitlement Grants	14.218	B-13-MC-12-0014	21,874	-	-	21,874	-
Community Development Block Grant/ Entitlement Grants	14.218	B-07-MC-12-0014	6,639	-	-	6,639	-
Community Development Block Grant/ Entitlement Grants	14.218	B-09-MC-12-0014	242	-	-	242	-
Community Development Block Grant/ Entitlement Grants	14.218	B-10-MC-12-0014	4,336	-	(9,674)	(5,338)	-
Community Development Block Grant/ Entitlement Grants	14.218	B-15-MC-12-0014	50,122	-	-	50,122	-
Community Development Block Grant/ Entitlement Grants	14.218	B-16-MC-12-0014	248,275	-	-	248,275	17,234
<b>Total Community Development Block Grant - Entitlement Grants Cluster</b>			<b>352,607</b>	<b>-</b>	<b>(9,674)</b>	<b>342,933</b>	<b>17,234</b>
Home Investment Partnerships Program	14.239	M-10-MC-12-0212	162,323	-	-	162,323	66,146
Home Investment Partnerships Program	14.239	M-13-MC-12-0212	131,881	-	-	131,881	131,581
Home Investment Partnerships Program	14.239	M-15-MC-12-0212	64,149	-	-	64,149	-
Home Investment Partnerships Program	14.239	M-16-MC-12-0212	37,354	-	-	37,354	-
<b>Total HOME Investment Partnerships Program</b>			<b>395,707</b>	<b>-</b>	<b>-</b>	<b>395,707</b>	<b>197,727</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>748,314</b>	<b>-</b>	<b>(9,674)</b>	<b>738,640</b>	<b>214,961</b>
<b>U.S. Department of Justice</b>							
Direct Programs:							
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2014) - Mobile Surveillance Camera System Project	16.738	2014-DJ-BX-0718	21,003	-	-	21,003	-
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2015) - Miami Beach Electronic Records Improvement Project	16.738	2015-DJ-BX-0953	-	-	(15,350)	(15,350)	-
Edward Byrne Memorial Justice Assistance Grant Program - City of Miami Beach Police Department's Closed Circuit Television Program	16.738	2016-DJ-BX-0856	1,850	-	-	1,850	-
Passed through the Florida Department of Law Enforcement:							
Edward Byrne Memorial Justice Assistance Grant Program - City of Miami	16.738	2017-JAGC-DADE-10-F9-167	9,899	-	-	9,899	-
<b>Total Edward Byrne Memorial Justice Assistance Grant Program</b>			<b>32,752</b>	<b>-</b>	<b>(15,350)</b>	<b>17,402</b>	<b>-</b>

See accompanying Notes to Schedule of Federal Awards and State Financial Assistance

(Continued)

CITY OF MIAMI BEACH, FLORIDA  
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
Year Ended September 30, 2017

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/Contract Number	Current Year Expenditures	Outstanding Loan Balance	Adjustments to Prior Year Expenditures	Total Current Year Expenditures	Passed through to Subrecipients
<b>U.S. Department of Justice (Continued)</b>							
Passed through the Florida Attorney General:							
VOCA - Victims of Crime Acts	16.575	VOCA-2016-MBPD-00179	\$ 144,649	\$ -	\$ -	\$ 144,649	\$ -
Direct Programs:							
Edward Byrne Memorial Competitive Grant Program- City of Miami Beach	16.751	2015-WY-BX-0002	213,592	-	-	213,592	-
Smart Policing Initiative for Body-Worn Camera Data-Sharing	16.922	FL0130700	297,864	-	-	297,864	-
Federal Equitable Sharing Agreement							
<b>Total U.S. Department of Justice</b>			<b>688,857</b>	<b>-</b>	<b>(15,350)</b>	<b>673,507</b>	<b>-</b>
<b>U.S. Department of Transportation</b>							
Passed through the Florida Department of Transportation:							
Middle Beach Recreational Corridor - PH1 from 47th Street to 53rd Street	20.205	G0I26	13,129	-	-	13,129	-
Safe Routes to School Infrastructure Project - Feinberg-Fisher K-8 Center	20.205	G0752	14,622	-	-	14,622	-
Safe Routes to School Infrastructure Project - Biscayne Elementary School	20.205	ARK65	26,074	-	-	26,074	-
Passed through the Florida Department of Transportation:							
Passed through the University of South Florida Board of Trustees:							
Pedestrian and Bicycle safety Enforcement Campaign	20.205	G0E08/433144-1	72,868	-	-	72,868	-
<b>Total Highway Planning and Construction Cluster</b>			<b>126,693</b>	<b>-</b>	<b>-</b>	<b>126,693</b>	<b>-</b>
State and Community Highway Safety Program (NHTSA 402 Funds) - Miami							
Beach Police Department Motorcycle Safety Campaign	20.600	MC-17-10-08/G0F54	50,000	-	-	50,000	-
<b>Total Highway Safety Cluster</b>			<b>50,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>Total U.S. Department of Transportation</b>			<b>176,693</b>	<b>-</b>	<b>-</b>	<b>176,693</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>							
Passed through the United Way of Miami-Dade County:							
Emergency Food and Shelter Program	97.024	159400-076	15,138	-	-	15,138	-
Passed through the State of Florida Division of Emergency Management:							
Hazard Mitigation Grant	97.039	11HM-2Y-11-23-02-003	18,839	-	-	18,839	-

See accompanying Notes to Schedule of Federal Awards and State Financial Assistance

(Continued)

CITY OF MIAMI BEACH, FLORIDA  
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
Year Ended September 30, 2017

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/Contract Number	Current Year Expenditures	Outstanding Loan Balance	Adjustments to Prior Year Expenditures	Total Current Year Expenditures	Passed through to Subrecipients
<b>U.S. Department of Homeland Security (continued)</b>							
Direct Programs:							
Port Security Grant Program - Counter Terrorism and Security Maritime Capability Upgrade	97.056	EMW-2016-PU-000231-S01	\$ 98,232	\$ -	\$ -	\$ 98,232	\$ -
Passed through the State of Florida Division of Emergency Management: Passed through the City of Miami:							
Homeland Security Grant Program -Urban Areas Security Initiative 2015	97.067	16-DS-U7-11-23-02-368	98,000	-	-	98,000	-
<b>Total U.S. Department of Homeland Security</b>			<b>230,209</b>	<b>-</b>	<b>-</b>	<b>230,209</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,905,323</b>	<b>\$ -</b>	<b>\$ (25,024)</b>	<b>\$ 1,880,299</b>	<b>\$ 214,961</b>

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CITY OF MIAMI BEACH, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
Year Ended September 30, 2017

State Project/Pass-through entity Program Title	State CFSA Number	Grant/Contract Number	Current Year Expenditures	Outstanding Loan Balance	Adjustments to Prior Year Expenditures	Total Current Year Expenditures	Passed through to Subrecipients
<b>State Grants:</b>							
<b>State of Florida Department of Environmental Protection:</b>							
Direct Programs:							
Statewide Surface Water Restoration and Wastewater Projects (Clean Water State Revolving Loan Agreement)	37.077	SW131300	\$ 2,717,740	\$ 2,539,329	\$ -	\$ 5,257,069	\$ -
<b>Total State of Florida Department of Environmental Protection</b>			<u>2,717,740</u>	<u>2,539,329</u>	<u>-</u>	<u>5,257,069</u>	<u>-</u>
<b>State of Florida Housing Finance Corporation</b>							
Direct Programs:							
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	356,230	-	-	356,230	83,370
<b>Total State of Florida Housing Finance Corporation</b>			<u>356,230</u>	<u>-</u>	<u>-</u>	<u>356,230</u>	<u>83,370</u>
<b>State of Florida Department of State</b>							
Direct Programs:							
28th Street Obelisk Restoration Project	45.032	SC729	23,963	-	-	23,963	-
<b>Total State of Florida Department of State</b>			<u>23,963</u>	<u>-</u>	<u>-</u>	<u>23,963</u>	<u>-</u>
<b>State of Florida Department of Transportation</b>							
Direct Programs:							
State Road A1A/Indian Creek Corridor	55.000	AS-343/439228-2-58-01	6,455,191			6,455,191	
Public Transit Service Development Program - North Beach Trolley Operating Assistance	55.012	G0644	67,927	-	-	67,927	-
<b>Total State of Florida Department of Transportation</b>			<u>6,523,118</u>	<u>-</u>	<u>-</u>	<u>6,523,118</u>	<u>-</u>
<b>State of Florida Department of Health</b>							
Direct Programs:							
Emergency Medical Services (EMS) Matching Grant	64.003	M4283	30,000	-	-	30,000	-
Homeland Security Grant Program -State Homeland Security	64.003	M4284	22,474	-	-	22,474	-
Passed through Miami-Dade County:							
Emergency Medical Services (EMS) Matching Awards	64.005	C5013	5,485	-	-	5,485	-
<b>Total State of Florida Department of Health</b>			<u>57,959</u>	<u>-</u>	<u>-</u>	<u>57,959</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 9,679,010</u>	<u>\$ 2,539,329</u>	<u>\$ -</u>	<u>\$ 12,218,339</u>	<u>\$ 83,370</u>

See accompanying Notes to Schedule of Federal Awards and State Financial Assistance

(Continued)



CITY OF MIAMI BEACH, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
September 30, 2017

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the expenditure activity of all federal awards and state financial assistance project of the City of Miami Beach, Florida (the "City") for the year ended September 30, 2017. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance project received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance and is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements described in the *Department of Financial Services' State financial assistance projects Compliance Supplement*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. NON-CASH AND FEDERAL INSURANCE**

There were no non-cash awards or Federal insurance maintained in the current year.

**4. LOANS OUTSTANDING**

On November 12, 2014, the City of Miami Beach entered into the Clean Water State Revolving Fund Loan Agreement with the State of Florida Department of Environment Protection. The amount of the loan is \$7,500,000 plus \$147,500 of capitalized interest and \$150,000 in loan service fees, which amounts to \$7,797,500 to be repaid back to the State. Loan payments will commence on February 15, 2018 and semiannually thereafter on August 15 and February 15 of each year until all amounts due have been fully paid. The interest rate on this loan is 1.62% per annum. The loan shall be repaid in 40 semiannual loan payments of \$229,001. Loan disbursement from the State to the City will be made for reimbursements of allowable invoiced costs. The loan is secured by the Stormwater fund's pledged revenues and will be repaid with such funds.

The proceeds from the loan are disbursed to the City on a reimbursement basis as eligible expenditures are incurred. The amount of the loan outstanding at September 30, 2017 is \$5,257,069.

CITY MIAMI BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2017

---

**Section I - Summary of Independent Auditor's Results**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards and State Financial Assistance***

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a), Section 215.97, <i>Florida Statutes</i> and Chapter 10.550, <i>Rules of the Auditor General</i>	
	No

Identification of major programs and state financial assistance projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	U.S. Department of Housing and Urban Development: Home Investment Partnership Program
14.218	U.S. Department of Housing and Urban Development: Community Development Block Grant/Entitlement Grants
16.922	U.S. Department of Justice: Equitable Sharing Program

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
N/A	Florida Department of Transportation: A1A/Indian Creek Corridor Project

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$366,550

Auditee qualified as low-risk auditee (not applicable for State projects). \_\_\_\_\_ Yes      X   No

CITY MIAMI BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2017

---

**Section II - Financial Statement Findings**

No items noted.

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs**

No items noted.

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CITY MIAMI BEACH, FLORIDA  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
September 30, 2017

**Summary of Prior Year Audit Findings**

**Financial Statement Findings**

Material Weakness

2016-001                      Bank reconciliations

Criteria:                      Policies and procedures should reasonably assure that bank accounts are reconciled in a timely manner.

Condition:                      We noted that there were several accounts which had not been reconciled within 30 days of the bank statement dates.

Current Year Status:      Finding has been resolved

Significant Deficiencies

2016-002                      IT Controls

Criteria:                      Information Systems controls should reasonably assure that electronic information is not compromised by unauthorized access to systems and that access is granted only as needed for individuals within the entity to perform their assigned responsibilities while maintaining adequate segregation of duties.

Condition:                      We noted the following with respect to the City's information systems:

1. Management does not perform a periodic review of access to validate the appropriateness of each user with access to Munis.
2. Termination process – during our interim procedures, we noted that eight terminated user accounts were still active which could lead to unauthorized activity. During our year end procedures, we noted that the eight employees' accounts had been disabled.

Current Year Status:      Finding has been resolved

2016-003                      Schedule of Expenditure of Federal Awards and State Financial Assistance

Criteria:                      Policies and procedures should reasonably assure that Federal award and State financial assistance expenditures be accurately reflected on the Schedule of Expenditure of Federal Awards and State Financial Assistance.

Condition:                      We noted that there was one Federal award and two State projects amounts that had to be adjusted on the final Schedule of Expenditure of Federal Awards and State Financial Assistance received from the City.

Current Year Status:      Finding has been resolved

# **AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

# **OTHER REPORTS**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES**

**MANAGEMENT LETTER**

**CITY OF MIAMI BEACH, FLORIDA**

**REPORTS IN ACCORDANCE WITH**  
**CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***  
September 30, 2017

CITY OF MIAMI BEACH, FLORIDA  
REPORTS IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*  
September 30, 2017

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, <i>FLORIDA STATUTES</i> .....	1
MANAGEMENT LETTER.....	2



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES**

To the Honorable Mayor and Members of the City Commission  
City of Miami Beach, Florida

We have examined the City of Miami Beach, Florida (the "City") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2017. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* for the year ended September 30, 2017.

The purpose of this report is solely to comply with Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



Crowe Horwath LLP

Miami, Florida  
March 30, 2018

To the Honorable Mayor,  
City Commission and City Manager  
City of Miami Beach, Florida  
City of Miami Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the City of Miami Beach, Florida (the “City”), as of and for the year ended September 30, 2017, and have issued our report thereon dated March 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the City of Miami Beach Florida Employees’ Retirement Plan and the City Pension Fund for Firefighters and Police Officers has described in our report on the City’s financial statements. This report does not include our consideration of the other auditor’s management letter that is reported on separately by those other auditors.

### **Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reports and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on Compliance with Section 218.415, *Florida Statutes* dated March 30, 2018; and Independent Auditor’s Report on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control over Compliance and Schedule of Findings and Questioned Costs dated May 22, 2018. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such information is disclosed in Note 1 to the financial statements.

## **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Special District Component Units**

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

## **Other Matters Section**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Report**

This letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Miami, Florida  
May 22, 2018

# **CONTINUING DISCLOSURES**

# **MUNICIPAL SECURITY DISCLOSURE**

**City of Miami Beach, Florida**

For the Fiscal Year Ended September 30, 2017



Prepared by:  
The City of Miami Beach Finance Department  
1700 Convention Center Drive, Miami Beach, Florida • 33139  
Tel: (305) 673 – 7466 • Fax: (305) 673 – 7795



**City of Miami Beach**, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

OFFICE OF THE CITY MANAGER

Tel: (305) 673-7010, Fax: (305) 673-7782

May 24, 2018

DAC

Attn: Diana O'Brien

390 N. Orange Ave., Suite 1750

Orlando, FL 32801

**Re: Annual Report for the City of Miami Beach, Florida, in accordance with Continuing Disclosure Requirements of SEC Rule 15c2-12**

In accordance with the undertakings of the City of Miami Beach, Florida (the "City") regarding continuing disclosure made pursuant to SEC Rule 15c2-12(b) (5) (i), by the Resolutions adopted by the Mayor and City Commission, the governing body of the City, described below, enclosed is the annual financial information and operating data for the Fiscal Year ending on September 30, 2017, as described in the respective undertaking for the following bond issues of the City:

\$54,310,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Series 2000, (the "2000 Water and Sewer Bonds")

- Official Statement dated August 31, 2000

- Resolution No. 2000-24041, adopted on July 26, 2000, and Continuing Disclosure Commitment, dated as of August 15, 2000

\$22,500,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), ("2001 Gulf Breeze Loan")

- Loan Agreement dated August 1, 2001

- Resolution No. 2001-24500, adopted on June 26, 2001, and Continuing Disclosure Commitment, dated as of August 1, 2001

\$62,465,000 City of Miami Beach, Florida, General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects)

- Official Statement dated July 22, 2003

- Resolution No. 2003-25240, adopted on June 11, 2003, and Continuing Disclosure Commitment, dated as of July 22, 2003.

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), ("2006 Gulf Breeze Loan, Series 1985B")

- Loan Agreement dated April 19, 2006
- Resolution No. 2006-26153, adopted on March 8, 2006, and Continuing Disclosure Commitment, dated as of April 19, 2006

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985E”)

- Loan Agreement dated April 19, 2006
- Resolution No. 2006-26153, adopted on March 8, 2006, and Continuing Disclosure Commitment, dated as of April 19, 2006

\$13,590,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J)

- Loan Agreement dated February 1, 2010
- Resolution No.2009-27243, adopted on October 14, 2009, and Continuing Disclosure Commitment, dated as of February 17, 2010

\$10,000,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J)

- Loan Agreement dated February 1, 2010
- Resolution No.2009-27243, adopted on October 14, 2009, and Continuing Disclosure Commitment, dated as of February 17, 2010

\$30,000,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2009J-1C, City of Gulf Breeze Loan, Series 1985J (used for paying the cost of certain improvements to the water and sewer utility), (“2009 Gulf Breeze Loan, Series 1985J)

- Loan Agreement dated February 1, 2010
- Resolution No.2009-27243, adopted on October 14, 2009, and Continuing Disclosure Commitment, dated as of February 17, 2010

\$16,185,000 City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Stormwater Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J)

- Loan Agreement dated February 1, 2010
- Resolution No. 2009-27242, adopted on October 14, 2009, and Continuing Disclosure Commitment, dated as of February 17, 2010

\$17,155,000 City of Miami Beach, Florida, Parking Revenue Refunding Bonds, Series 2010A, (the “Series 2010A Parking Bonds”), (used to refund the City’s outstanding Parking Revenue Bonds, Series 1997),

- Official Statement dated October 29, 2010
- Resolution No. 2010-27491 adopted on September 20, 2010 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of November 16, 2010

\$27,405,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2010B, (the “Series 2010B Parking Bonds”), (used to pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System)

- Official Statement dated October 29, 2010
- Resolution No. 2010-27491, adopted on September 20, 2010 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of November 16, 2010

\$52,130,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2011A, (the “Series 2011A Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility)

- Official Statement dated November 17, 2011
- Resolution No. 2011-27782, adopted on October 19, 2011, and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 7, 2011

\$26,575,000 City of Miami Beach, Florida, Stormwater Revenue Refunding Bonds, Series 2011B, (the “Series 2011B Stormwater Bonds”), (used to refund, defease and redeem the outstanding Stormwater Revenue Bonds, Series 2000)

- Official Statement dated November 17, 2011
- Resolution No. 2011-27782 adopted on October 19, 2011 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 7, 2011

\$34,840,000 City of Miami Beach, Florida, General Obligation Refunding Bonds, Series 2011 (used to refund the \$15,910,000 City of Gulf Breeze Loan, Series 1985B, the \$14,090,000 City of Gulf Breeze Loan, Series 1985E, and partially refund the City of Miami Beach, Florida, General Obligation Bonds, Series 2003)

- Official Statement dated November 16, 2011
- Resolution No. 2011-27783, adopted on October 19, 2011, and Continuing Disclosure Commitment, dated as of December 1, 2011

\$99,590,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2015, (the “Series 2015 Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility)

- Official Statement dated July 24, 2015
- Resolution No. 2015-28988 adopted on April 15, 2015 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of August 5, 2015

\$58,825,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2015, (the “Series 2015 Parking Bonds”), (used to pay the costs of acquiring and constructing a new parking facility and improvements to a surface lot to service the City’s Convention Center)

- Official Statement dated November 20, 2015
- Resolution No. 2015-29176 adopted on October 14, 2015 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 15, 2015

\$194,920,000 City of Miami Beach, Florida, Resort Tax Revenue Bonds, Series 2015, (the “Series 2015 Resort Tax Bonds”), (used to finance a portion of the costs of acquiring and constructing renovations to the Miami Beach Convention Center and related improvements)

- Official Statement dated November 18, 2015
- Resolution No. 2015-29175 adopted on October 14, 2015 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 15, 2015



Subsequent to fiscal year ended September 30, 2017, the City of Miami Beach issued the following bonds:

\$115,180,000 City of Miami Beach, Florida, Water and Sewer Revenue and Revenue Refunding Bonds, Series 2017, (the "Series 2017 Bonds"), (used to finance the cost of acquiring, constructing and equipping improvements to the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000, Series 2006B-2, Series 2006E Bonds)  
- Official Statement dated November 30, 2017  
- Resolution No. 2017-30060 adopted on October 18, 2017 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 14, 2017

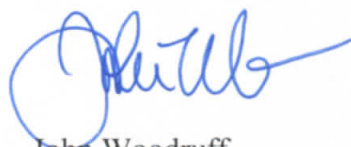
\$156,550,000 City of Miami Beach, Florida, Stormwater Revenue and Revenue Refunding Bonds, Series 2017, (the "Series 2017 Bonds"), (used to finance a portion of improving and upgrading the Stormwater Utility as well as to provide for the partial advance refunding and defeasance of Series 2011A, 2011B Bonds)  
- Official Statement dated December 13, 2017  
- Resolution No. 2017-30059 adopted on October 18, 2017 and Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment), dated as of December 22, 2017

Such information and the operating data are hereinafter collectively entitled the "Fiscal Year 2017 Annual Information."

The information is for the Fiscal Year of the City ended September 30, 2017, and constitutes the annual information, agreed to be provided under the provisions regarding continuing disclosure set forth in the Resolutions adopted at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for that period may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be material to the making of an investment decision. Further, no representation is made that such information is indicative of financial or operating results of the City since the end of that Fiscal Year or of future financial or operating results.

Any questions concerning this filing should be directed to John Woodruff, Chief Financial Officer, 1700 Convention Center Drive, Miami Beach, Florida 33139; Telephone (305) 673-7466.

Very Truly Yours,



John Woodruff  
Chief Financial Officer  
City of Miami Beach and the  
Miami Beach Redevelopment Agency

**City of Miami Beach, Florida**  
**Report of Annual Financial Information**  
**For Fiscal Year Ended September 30, 2017**

The following provides, in accordance with provisions regarding continuing disclosure set forth in (1) Resolution No. 2000-24041, adopted on July 26, 2000 (the "2000 Water and Sewer Bond Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of August 15, 2000, (2) Resolution No. 2001-24500, adopted on June 26, 2001 (the "2001 Gulf Breeze Loan Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment, dated as of August 1, 2001, (3) Resolution No. 2003-25240, adopted on June 11, 2003 (the "2003 G. O. Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of July 22, 2003, (4) Resolution No. 2006-26153, adopted on March 8, 2006 (the "2006 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of April 19, 2006, (5) Resolution No. 2009-27243, adopted on October 14, 2009 (the "2009 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of February 17, 2010, (6) Resolution No. 2009-27242, adopted on October 14, 2009 (the "2009 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of February 17, 2010, (7) Resolution 2010-27491, adopted on September 20, 2010 (the "Series 2010A Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of November 16, 2010, (8) Resolution 2010-27491, adopted on September 20, 2010 (the "Series 2010B Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of November 16, 2010, (9) Resolution 2011-27782, adopted on October 19, 2011 (the "Series 2011A Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 7, 2011, (10) Resolution 2011-27782, adopted on October 19, 2011 (the "Series 2011B Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 7, 2011, (11) Resolution 2011-27783, adopted on October 19, 2011 (the "Series 2011 General Obligation Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 1, 2011, (12) Resolution 2015-28988, adopted on April 15, 2015 (the "Series 2015 Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of August 5, 2015, (13) Resolution 2015-29176, adopted on October 14, 2015 (the "Series 2015 Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 15, 2015, and (14) Resolution 2015-29175, adopted on October 14, 2015 (the "Series 2015 Resort Tax Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 15, 2015, (15) Resolution 2017-30060, adopted on October 18, 2017 (the "Series 2017 Water and Sewer Revenue and Revenue Refunding Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 14, 2017, (16) Resolution 2017-30059, adopted on October 18, 2017 (the "Series 2017 Storm water Revenue and Revenue Refunding Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 22, 2017, and SEC Rule 15c2-12(b)(5)(i), annual financial information and operating data for the City's Fiscal Year ended September 30, 2017 ("Fiscal Year 2017") of the type included in the final official statements for its primary offerings of:

\$54,310,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Series 2000, (the “2000 Water and Sewer Bonds”)

\$22,500,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), (“2001 Gulf Breeze Loan”)

\$62,465,000 City of Miami Beach, Florida, General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects), (the “2003 G.O. Bonds”)

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985B”)

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985E”)

\$13,590,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”)

\$10,000,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”)

\$30,000,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2009J-1C, City of Gulf Breeze Loan, Series 1985J (used for paying the cost of certain improvements to the water and sewer utility), (“2009 Gulf Breeze Loan, Series 1985J”)

\$16,185,000 City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Stormwater Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”)

\$17,155,000 City of Miami Beach, Florida, Parking Revenue Refunding Bonds, Series 2010A, (the “Series 2010A Parking Bonds”), (used to refund the City’s outstanding Parking Revenue Bonds, Series 1997)

\$27,405,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2010B, (the “Series 2010B Parking Bonds”), (used to pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System)

\$52,130,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2011A, (the “Series 2011A Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility)

\$26,575,000 City of Miami Beach, Florida, Stormwater Revenue Refunding Bonds, Series 2011B, (the “Series 2011B Stormwater Bonds”), (used to refund, defease and redeem the outstanding Stormwater Revenue Bonds, Series 2000)

\$34,840,000 City of Miami Beach, Florida, General Obligation Refunding Bonds, Series 2011 (used to refund the \$15,910,000 City of Gulf Breeze Loan, Series 1985B, the \$14,090,000 City of Gulf Breeze Loan, Series 1985E, and partially refund the City of Miami Beach, Florida, General Obligation Bonds, Series 2003)

\$99,590,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2015, (the “Series 2015 Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility)

\$58,825,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2015, (the “Series 2015 Parking Bonds”), (used to pay the costs of acquiring and constructing a new parking facility and improvements to a surface lot to service the City’s Convention Center)

\$194,920,000 City of Miami Beach, Florida, Resort Tax Revenue Bonds, Series 2015, (the “Series 2015 Resort Tax Bonds”), (used to finance a portion of the costs of acquiring and constructing renovations to the Miami Beach Convention Center and related improvements)

Subsequent to fiscal year ended September 30, 2017, the City of Miami Beach issued the following bonds:

\$115,180,000 City of Miami Beach, Florida, Water and Sewer Revenue and Revenue Refunding Bonds, Series 2017, (the “Series 2017 Bonds”), (used to finance the cost of acquiring, constructing and equipping improvements to the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000, Series 2006B-2, Series 2006E Bonds)

\$156,550,000 City of Miami Beach, Florida, Stormwater Revenue and Revenue Refunding Bonds, Series 2017, (the “Series 2017 Bonds”), (used to finance a portion of improving and upgrading the Stormwater Utility as well as to provide for the partial advance refunding and defeasance of Series 2011A, 2011B Bonds)

The above annual financial information and operating date are hereinafter collectively referred to as the "Fiscal Year 2017 Annual Information."

The Fiscal Year 2017 Annual Information constitutes only the annual financial information and operating data agreed to be provided pursuant to the provisions regarding continuing disclosure in the Resolutions adopted at the time of the primary offerings referenced above and the Continuing Disclosure Commitments, dated as of August 15, 2000, August 1, 2001, July 22, 2003, April 19, 2006, February 17, 2010, November 16, 2010, December 7, 2011, December 1, 2011, August 5, 2015, December 15, 2015, December 14, 2017 and December 22, 2017. No representation is made as to the materiality or completeness of that information.

Other relevant information for Fiscal Year 2017 may exist, and matters may have occurred or become known during or since that period, which a reasonable investor would consider to be important when making an investment decision. Further, no representation is made that the Fiscal Year 2017 Annual Information is indicative of financial operating results of the City since the end of Fiscal Year 2017 or future financial or operating results.

**CITY OF MIAMI BEACH, FLORIDA**

**CONTACT:**

John Woodruff, Chief Financial Officer

City of Miami Beach  
1700 Convention Center Dr  
Miami Beach, Florida 33139  
Telephone: (305) 673-7466

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## INTRODUCTION

This Report of Annual Financial Information is being filed with the Electronic Municipal Market Access (EMMA), a service of the Municipal Securities Rulemaking Board (MSRB), pursuant to the provisions regarding continuing disclosure set forth in (1) Resolution No. 2000-24041, adopted on July 26, 2000 (the "2000 Water and Sewer Bond Resolution"), and the Continuing Disclosure Commitment dated as of August 15, 2000, (2) Resolution No. 2001-24500, adopted on June 26, 2001 (the "2001 Gulf Breeze Loan Resolution", by the Mayor and City Commission, and the Continuing Disclosure Commitment, dated as of August 1, 2001, (collectively, the "Disclosure Provisions"), (3) Resolution No. 2003-25240, adopted on June 11, 2003 (the "2003 G.O. Bonds") by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of July 22, 2003, (4) Resolution No. 2006-26153, adopted on March 8, 2006 (the "2006 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of April 19, 2006, (5) Resolution No. 2009-27243, adopted on October 14, 2009 (the "2009 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of February 17, 2010, (6) Resolution No. 2009-27242, adopted on October 14, 2009 (the "2009 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of February 17, 2010, (7) Resolution 2010-27491, adopted on September 20, 2010 (the "Series 2010A Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of November 16, 2010, (8) Resolution 2010-27491, adopted on September 20, 2010 (the "Series 2010B Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of November 16, 2010, (9) Resolution 2011-27782, adopted on October 19, 2011 (the "Series 2011A Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 7, 2011, (10) Resolution 2011-27782, adopted on October 19, 2011 (the "Series 2011B Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 7, 2011, (11) Resolution 2011-27783, adopted on October 19, 2011 (the "Series 2011 General Obligation Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 1, 2011 (12) Resolution 2015-28988, adopted on April 15, 2015 (the "Series 2015 Stormwater Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of August 5, 2015, (13) Resolution 2015-29176, adopted on April 15, 2015 (the "Series 2015 Parking Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 15, 2015, (14) Resolution 2015-29175, adopted on October 14, 2015 (the "Series 2015 Resort Tax Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 15, 2015, (15) Resolution 2017-30060, adopted on October 18, 2017 (the "Series 2017 Water and Sewer Revenue and Revenue Refunding Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 14, 2017, (16) Resolution 2017-30059, adopted on October 18, 2017 (the "Series 2017 Storm water Revenue and Revenue Refunding Bonds"), by the Mayor and City Commission, and the Disclosure Dissemination Agent Agreement (Continuing Disclosure Commitment) dated as of December 22, 2017, in connection with the issuance of:

\$54,310,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 2000 (the “2000 Water and Sewer Bonds”);

\$22,500,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), (the “2001 Gulf Breeze Loan”);

\$62,465,000 City of Miami Beach, Florida General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects, (the “2003 G.O. Bonds”);

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985B”);

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985E”);

\$13,590,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”);

\$10,000,000 City of Miami Beach, Florida Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Water & Sewer Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”);

\$30,000,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2009J-1C, City of Gulf Breeze Loan, Series 1985J (used for paying the cost of certain improvements to the water and sewer utility), (“2009 Gulf Breeze Loan, Series 1985J”);

\$16,185,000 City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2, City of Gulf Breeze Loan, Series 1985J (used to refund a portion of the City’s outstanding Stormwater Revenue Bonds, Series 2000), (“2009 Gulf Breeze Loan, Series 1985J”);

\$17,155,000 City of Miami Beach, Florida, Parking Revenue Refunding Bonds, Series 2010A (the "Series 2010A Parking Bonds"), (used to refund the City’s outstanding Parking Revenue Bonds, Series 1997);

\$27,405,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2010B (the "Series 2010B Parking Bonds"), (used to pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System);

\$52,130,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2011A, (the “Series 2011A Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility);



\$26,575,000 City of Miami Beach, Florida, Stormwater Revenue Refunding Bonds, Series 2011B, (the “Series 2011B Stormwater Bonds”), (used to refund, defease and redeem the outstanding Stormwater Revenue Bonds, Series 2000);

\$34,840,000 City of Miami Beach, Florida, General Obligation Refunding Bonds, Series 2011 (used to refund the \$15,910,000 City of Gulf Breeze Loan, Series 1985B, the \$14,090,000 City of Gulf Breeze Loan, Series 1985E, and partially refund the City of Miami Beach, Florida, General Obligation Bonds, Series 2003);

\$99,590,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2015, (the “Series 2015 Stormwater Bonds”), (used to pay the costs of certain capital improvements to its stormwater utility);

\$58,825,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 2015, (the “Series 2015 Parking Bonds”), (used to pay the costs of acquiring and constructing a new parking facility and improvements to a surface lot to service the City’s Convention Center); and,

\$194,920,000 City of Miami Beach, Florida, Resort Tax Revenue Bonds, Series 2015, (the “Series 2015 Resort Tax Bonds”), (used to finance a portion of the costs of acquiring and constructing renovations to the Miami Beach Convention Center and related improvements).

Subsequent to fiscal year ended September 30, 2017, the City of Miami Beach issued the Following bonds:

\$115,180,000 City of Miami Beach, Florida, Water and Sewer Revenue and Revenue Refunding Bonds, Series 2017, (the “Series 2017 Bonds”), (used to finance the cost of acquiring, constructing and equipping improvements to the Water and Sewer Utility as well as to provide current refunding and defeasance of all outstanding Series 2000, Series 2006B-2, Series 2006E Bonds); and,

\$156,550,000 City of Miami Beach, Florida, Stormwater Revenue and Revenue Refunding Bonds, Series 2017, (the “Series 2017 Bonds”), (used to finance a portion of improving and upgrading the Stormwater Utility as well as to provide for the partial advance refunding and defeasance of Series 2011A, 2011B Bonds).

The Disclosure Provisions were executed and delivered for the benefit of the holders, owners and beneficial owners of each series of Bonds and in order to assist the underwriters of each series of Bonds in complying with the terms and provisions of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. ~~17~~40.115c2

In connection with the issuance of each series of Bonds, the City delivered Official Statements dated August 31, 2000 (as to the 2000 Water and Sewer Bonds), August 1, 2001 (as to the 2001 Gulf Breeze Loan), July 22, 2003 (as to the 2003 G.O. Bonds), April 19, 2006 (as to the Series 2006 Bonds), February 17, 2010 (as to the Series 2009 Bonds), October 29, 2010 (as to the Series 2010A & 2010B Parking Bonds), November 17, 2011 (as to the Series 2011A & 2011B Stormwater Bonds), November 16, 2011 (as to the Series 2011 General Obligation Bonds), July 24, 2015 (as to the Series 2015 Stormwater Bonds), November 20, 2015 (as to the Series 2015 Parking Bonds), November 18, 2015 (as to the Series 2015 Resort Tax Bonds), October 18, 2017 (as to the Series 2017 Water and Sewer Revenue and Revenue Refunding Bonds), and December 13, 2017 (as to the Series 2017 Storm water Revenue and Revenue Refunding Bonds).

Capitalized terms used herein shall have the meanings set forth in the respective official Statements.

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## GENERAL OBLIGATION BONDS

The General Obligation Bonds outstanding at September 30, 2017 consist of the following:

\$ 62,465,000 General Obligation Series 2003 Bonds due in annual installments  
through 2033: interest at 2.00% - 5.25% \$28,080,000

\$ 34,840,000 General Obligation Series 2011 Bonds due in annual installments  
through 2023: interest at 3.00% - 5.00% \$18,300,000

### City of Miami Beach, Florida Property Tax Levies and Collections Fiscal Years 2008 through 2017

Fiscal Year	Total Tax Levy (A)	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 150,418,073	\$ 145,433,238	(A) 96.69%	\$ 4,831,611	\$ 150,264,849	99.90%
2009	150,588,328	144,321,499	95.84	4,748,981	149,070,480	98.99
2010	138,703,567	131,355,903	94.70	4,029,310	135,385,213	97.61
2011	136,549,286	128,719,932	94.27	1,750,558	130,470,490	95.55
2012	134,753,401	129,572,373	96.16	3,400,840	132,973,213	98.68
2013	139,133,369	130,317,166	93.66	2,318,192	132,635,358	95.33
2014	143,266,670	139,729,175	97.53	2,906,543	142,635,718	99.56
2015	155,102,311	151,761,695	97.85	3,801,215	155,562,910	100.30
2016	172,420,383	168,150,832	97.52	3,991,663	172,142,495	99.84
2017	194,111,744	187,054,786	96.36	(B)	187,054,786	96.36

Source: Millage and taxable value table, the City of Miami Beach adopted budget book, Miami-Dade County real estate delinquent tax system and the City of Miami Beach Finance Department.

Note: Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.

(A) For the City of Miami Beach, the period for which levied coincides with the fiscal year.

(B) Data not available at this time

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The table below shows Ad valorem tax rates and Ad valorem tax levies for general government operations and debt service.

**City of Miami Beach, Florida**  
**Statement of Tax Levies and Tax Rates**  
**Fiscal Years 2008 through 2017**

<b>Fiscal Year Ended September 30,</b>	<b>General Fund</b>		<b>Debt Service Fund</b>		<b>Total</b>	
	<b>Tax Levy</b>	<b>Millage</b>	<b>Tax Levy</b>	<b>Millage</b>	<b>Tax Levy</b>	<b>Millage</b>
2008	\$ 144,245,767	5.6555	\$ 6,172,306	0.242	\$ 150,418,073	5.8975
2009	144,531,572	5.6555	6,056,756	0.237	150,588,328	5.8925
2010	132,674,507	5.6555	6,029,060	0.257	138,703,567	5.9125
2011	130,522,428	6.2155	6,026,858	0.2870	136,549,286	6.5025
2012	128,731,789	6.1655	6,021,612	0.2884	134,753,401	6.4539
2013	133,504,645	6.0909	5,628,724	0.2568	139,133,369	6.3477
2014	137,342,804	5.8634	5,923,866	0.2529	143,266,670	6.1163
2015	149,192,989	5.7942	5,909,322	0.2295	155,102,311	6.0237
2016	166,497,378	5.7092	5,923,005	0.2031	172,420,383	5.9123
2017	188,191,613	5.7092	5,920,131	0.1796	194,111,744	5.8888

Source: City of Miami Beach Comprehensive Annual Financial Report September 30,2017

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**City of Miami Beach**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2017**

**DIRECT DEBT**

General Obligation Indebtedness

Public Improvement Bonds	\$46,380,000	
Public Improvement Premium	<u>983,353</u>	
Total General Obligation Indebtedness		\$ 47,363,353

Non-self-supporting Indebtedness: (a)

Gulf Breeze Government Loan Program	\$4,350,000	
Pension Loan	14,988,000	
Equipment Loan	5,873,332	
Tax Increment Revenue Bonds	315,600,000	
Tax Increment Premium	<u>27,068,974</u>	
		342,668,974
Resort Tax Bonds	187,920,000	
Resort Tax Premium	<u>20,986,324</u>	
		208,906,324
Clean Water State Revolving Loan	7,797,500	
Energy Savings Loan	<u>10,121,002</u>	
Total Non-self-supporting Indebtedness		<u>594,705,132</u>
Total Direct Indebtedness		642,068,485

**OVERLAPPING DEBT (b)**

Miami-Dade County

Total General Obligation Indebtedness	1,700,151,000	
Percent Applicable to City (c)	13.81%	234,710,463
Total School District Obligation Indebtedness	920,008	
Percent Applicable to City (c)	13.81%	127,010
Total Net Non-self-supporting Indebtedness	2,285,428,958	
Percent Applicable to City (c)	13.81%	315,509,675
Total Overlapping Debt		550,347,148

**TOTAL DIRECT AND OVERLAPPING DEBT**

**\$1,192,415,633**

(a) Excludes self-supporting debt obligations.

(b) All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.

(c) Based upon 2016 assessed valuation figures for the City and Miami-Dade County.

## OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM FUNDS

As of September 30, 2017, the City had outstanding the following long term debt issues which are secured by a covenant to budget and appropriate Non-Ad Valorem Funds.

<b>Issue Name</b>	<b>Agreement Date</b>	<b>Total Outstanding Principal</b>	<b>Maximum Annual Debt Service</b>	<b>Final Maturity</b>
1985E Gulf Breeze Fixed Rate, Series C	8/1/2001	\$ 4,350,000	\$ 1,202,250	12/1/2020
Pension Loan	12/22/2016	14,988,000	4,836,298	9/1/2021
Equipment Loan	2/20/2008	5,873,332	2,602,835	9/30/2025
Energy Saving Loan	5/25/2010	10,121,802	1,738,879	4/25/2025
Clean Water State Revolving Loan	5/25/2010	7,797,500	458,002	9/30/2037
Line of Credit <sup>(1)</sup>	7/29/2016	-	-	7/30/2018

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Source: City of Miami Beach Finance Department

(1) As of September 30, 2017, no draws have been made on this Line of Credit.

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## **PARKING BONDS**

Parking Revenue Fund indebtedness at September 30, 2017, is comprised of the following issued indebtedness:

\$ 17,155,000 Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00% \$7,405,000

\$ 27,405,000 Series 2010B Parking Revenue Bonds due in annual installments through 2040: interest at 4.00% - 5.00% \$27,405,000

\$ 58,825,000 Series 2015 Parking Revenue Bonds due in annual installments through 2045: interest at 3.00% - 5.00% \$58,750,000

In the previous years, a portion of the Gulf Breeze 1985C loan was committed to funding the construction of a construction garage. This loan was paid in full during fiscal year 2017. Parking Enterprise Fund operating indicators are noted below:

### **September 30, 2017**

<b>Number of Parking Garages</b>	<u>10</u>
<b>Number of Parking Spaces:</b>	
On-Street (Metered)	5,048
Off-Street Lots	4,629
Garages and attended lots	<u>6,089</u>
<b>Total</b>	<b><u>15,766</u></b>

### Summary of City Parking Inventory in South Beach

Fiscal Year Ended September 30, 2017

<u>Description</u>	<u>On-Street</u>	<u>Off-Street</u>		<u>Total</u>
		<u>City Garage</u>	<u>City Lot</u>	
Alton Road	968	1,050	93	2,111
Convention Center & Sunset Harbour	930	1,081	1,391	3,402
Flamingo Park/Residential	2,944	1,460	776	5,180
Ocean Drive	1,616	2,424	126	4,166
South Pointe	1,101	-	342	1,443
Totals:	7,559	6,015	2,728	16,302
By Percentage:	46.4%	36.9%	16.7%	

### Summary of City Parking Inventory in Middle Beach

Fiscal Year Ended September 30, 2017

<u>Description</u>	<u>On-Street</u>	<u>Off-Street</u>		<u>Total</u>
		<u>City Garage</u>	<u>City Lot</u>	
Middle Beach	668	-	771	1,439
41st Street Corridor	377	620	492	1,489
Totals:	1,045	620	1,263	2,928
By Percentage:	35.7%	21.2%	43.1%	

### Summary of City Parking Inventory in North Beach

Fiscal Year Ended September 30, 2017

<u>Description</u>	<u>On-Street</u>	<u>Off-Street</u>		<u>Total</u>
		<u>City Garage</u>	<u>City Lot</u>	
Town Center	758	676	0	1434
North Shore	2210	518	0	2728
Biscayne Beach	779	0	0	779
Normandy Shores	167	0	0	167
Normandy Isle	1764	73	0	1837
Totals:	5678	1267	0	6945
By Percentage:	82%	18%	0%	



## **Parking Rates**

Fiscal Year Ended September 30, 2017

<b><u>Category of Parking</u></b>	<b><u>Rates Prior</u></b>	<b><u>Rates Effective</u></b>
<b>Parking Meter Hourly Rates</b>		
South Beach On-Street Meters	\$4.00 per hour	\$4.00 per hour
South Beach Off-Street Meters	\$2.00 per hour	\$2.00 per hour
Collins Avenue / Indian Creek (23rd - 44th Streets) - On-Street Meters	\$3.00 per hour	\$3.00 per hour
Collins Avenue / Indian Creek (23rd - 44th Streets) - Off-Street Meters	\$2.00 per hour	\$2.00 per hour
<b>Parking Meter Hours of Operation</b>		
Collins Avenue / Indian Creek (23rd - 44th Streets) - On/Off- Street Meters	9am-3pm/ 7 days per week	9am-3pm/ 7 days per week
<b>Municipal Parking Garages</b>		
Each of first 4 hours	\$1.00 per hour	\$1.00 per hour
Monthly Rate	\$100.00 monthly	\$100.00 monthly
<b>Parking Spaces Daily Rentals</b>		
Valet Parking	\$31.50 per space/per day	\$31.50 per space/per day
Construction	\$25.00 per space/per day	\$25.00 per space/per day
Special Event:	\$25.00 per space/per day	\$25.00 per space/per day
Residential Daily Visitor Parking	\$3.00 per day	\$3.00 per day

## **Parking Rates**

On-Street Meters: The rates at on-street meters are \$1.00 per hour in the West Middle and North Beach Parking Zones; \$3.00 per hour in the East Middle Beach Parking Zone and \$ \$4.00 per hour in the South Beach Parking Zone. Similarly, time limits at the meters range from one hour to twelve hours, depending on rate and location. In general, the short-term meters are located to serve customers of nearby businesses and promote turnover of the parking spaces. The longer-term meters serve employees and visitors to some beach areas.

Parking Lots: The rates at metered parking lots are \$2.00 per hour in the East Middle and South Beach Parking Zones and \$1.00 per hour in the West Middle and North Beach Parking Zones. Generally, when surface parking lots are used for special events, a flat rate of \$20.00 per vehicle is charged upon entry. Parking lots have both transient revenues, and monthly permit parking revenues. Monthly parking revenues are at the rate of \$70.00 per month plus tax for all municipal parking lots.

Garages: The 7th Street, 12th Street, 13th Street Municipal Parking Garages charge for parking at the rate of \$1.00 per hour. A maximum rate of \$20.00 per 24-hour maximum is charged. Monthly parking revenues are at the rate of \$100.00 per month plus tax for all garages except the 42nd Street Garage which is at the rate of \$70.00 per month plus tax. Storage in municipal parking garages is prohibited. The 42nd Street Garage charges \$1.00 per hour up to twenty-four hours with a maximum of \$8.00 for the entire day. The 17th Street Garage and the City Hall Garage charge \$1.00 per hour up to six hours, six hours to seven hours charge is \$8.00, seven to eight hours charge is \$10.00, eight to fifteen hours charge is \$15.00, and fifteen hours to twenty-four hours charge is \$20.00. The 16th Street Garage charges \$1.00 per hour up to two hours, two hours to three hours charge is \$6.00, three to six hours charge is \$10.00, and six to twenty-four hours charge is \$16.00. Monthly parking revenues are at the rate of \$107.00 per month tax included.

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**City of Miami Beach, Florida**  
**Table of Historical Parking System Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 30, 2008 Through September 30, 2017**  
**(in thousands of dollars)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$ 29,388	\$ 31,205	\$ 32,943	\$ 38,142	\$ 40,254	\$ 41,609	\$ 40,423	\$ 42,741	\$ 52,264	\$ 47,420
Current Expenses	<u>18,654</u>	<u>18,954</u>	<u>19,279</u>	<u>19,438</u>	<u>20,365</u>	<u>22,100</u>	<u>25,631</u>	<u>28,094</u>	<u>31,863</u>	<u>32,519</u>
Net Revenues (Available for Debt Service	10,734	12,251	13,664	18,704	19,889	19,509	14,792	14,647	20,401	14,901
Debt Service	<u>2,967</u>	<u>2,967</u>	<u>2,968</u>	<u>3,790</u>	<u>4,031</u>	<u>4,023</u>	<u>4,027</u>	<u>3,240</u>	<u>6,113</u>	<u>6,253</u>
Debt Service Coverage Ratio	<u>3.62</u>	<u>4.13</u>	<u>4.60</u>	<u>4.94</u>	<u>4.93</u>	<u>4.85</u>	<u>3.67</u>	<u>4.52</u>	<u>3.34</u>	<u>2.38</u>

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Source: City of Miami Beach Finance Department

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# City of Miami Beach, Florida

## Parking Debt Service Requirements

FY	Series 2010A & B Parking Revenue Bonds		Series 2015 Parking Revenue Bonds		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total @
2018	\$ 1,590,000	\$ 1,649,113	\$ 80,000	\$ 2,930,600	\$ 1,670,000	\$ 4,579,713	\$ 6,249,713
2019	1,660,000	1,585,512	80,000	2,927,400	1,740,000	4,512,912	6,252,912
2020	1,725,000	1,519,113	80,000	2,925,000	1,805,000	4,444,113	6,249,113
2021	1,810,000	1,432,862	85,000	2,921,800	1,895,000	4,354,662	6,249,662
2022	1,790,000	1,342,363	200,000	2,919,250	1,990,000	4,261,613	6,251,613
2023	960,000	1,270,762	1,110,000	2,911,250	2,070,000	4,182,012	6,252,012
2024	1,000,000	1,231,163	1,165,000	2,855,750	2,165,000	4,086,913	6,251,913
2025	1,045,000	1,188,662	1,220,000	2,797,500	2,265,000	3,986,162	6,251,162
2026	1,095,000	1,139,019	1,280,000	2,736,500	2,375,000	3,875,519	6,250,519
2027	1,145,000	1,088,375	1,345,000	2,672,500	2,490,000	3,760,875	6,250,875
2028	1,195,000	1,035,419	1,415,000	2,605,250	2,610,000	3,640,669	6,250,669
2029	1,250,000	980,150	1,485,000	2,534,500	2,735,000	3,514,650	6,249,650
2030	1,310,000	922,337	1,560,000	2,460,250	2,870,000	3,382,587	6,252,587
2031	1,370,000	861,750	1,635,000	2,382,250	3,005,000	3,244,000	6,249,000
2032	1,440,000	793,250	1,715,000	2,300,500	3,155,000	3,093,750	6,248,750
2033	1,510,000	721,250	1,805,000	2,214,750	3,315,000	2,936,000	6,251,000
2034	1,585,000	645,750	1,895,000	2,124,500	3,480,000	2,770,250	6,250,250
2035	1,665,000	566,500	1,990,000	2,029,750	3,655,000	2,596,250	6,251,250
2036	1,750,000	483,250	2,090,000	1,930,250	3,840,000	2,413,500	6,253,500
2037	1,835,000	395,750	2,195,000	1,825,750	4,030,000	2,221,500	6,251,500
2038	1,930,000	304,000	2,300,000	1,716,000	4,230,000	2,020,000	6,250,000
2039	2,025,000	207,500	2,415,000	1,601,000	4,440,000	1,808,500	6,248,500
2040	2,125,000	106,250	2,540,000	1,480,250	4,665,000	1,586,500	6,251,500
2041	-	-	4,900,000	1,353,250	4,900,000	1,353,250	6,253,250
2042	-	-	5,140,000	1,108,250	5,140,000	1,108,250	6,248,250
2043	-	-	5,400,000	851,250	5,400,000	851,250	6,251,250
2044	-	-	5,670,000	581,250	5,670,000	581,250	6,251,250
2045	-	-	5,955,000	297,750	5,955,000	297,750	6,252,750
	<u>\$ 34,810,000</u>	<u>\$ 21,470,100</u>	<u>\$ 58,750,000</u>	<u>\$ 59,994,300</u>	<u>\$ 93,560,000</u>	<u>\$ 81,464,400</u>	<u>\$ 175,024,400</u>

© Series 2010 A&B and 2015 Bonds outstanding debt as of September 30, 2017

## **Incurrence of Additional Parking System Debt**

There was no additional parking debt issued during Fiscal Year 2017.

## **Expansion of Parking System**

There was no expansion of the parking system during Fiscal Year 2017.

## **Reduction of Parking System**

There were no reductions in parking spaces during Fiscal Year 2017.

## **Change in Senior Management of the Parking System**

From fiscal years 2009 through April 2013, there were no changes in the Senior Management of the System. The Parking System's Director, Saul Frances, has been Director of the System since October 2000. In April 2013, the City of Miami Beach hired a new City Manager, Jimmy Morales, Esq. Mr. Morales is responsible for overseeing all of the City's departments including the Parking System. In February 2017, the City of Miami Beach hired John Woodruff to act as the new Chief Financial Officer. Among other responsibilities, Woodruff is part of the management, along with the City Manager and Parking Director, who are responsible for the operation of the Parking System. Below are the biographies of Mr. Morales, Mr. Frances and Mr. Woodruff.

Mr. Morales was appointed City Manager for the City of Miami Beach in April 2013. Prior to his appointment, Mr. Morales was a Shareholder and Member of Board of Directors for Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. from 2000-2013. He served as City Attorney for the City of Doral, Florida from 2009-2013, and City Attorney for the City of Marathon, Florida from 2005 to 2009. He was a Member of the Board of County Commissioners, Miami-Dade County, Florida from 1996-2004. He has received the following awards and certifications: Greater Miami Chamber of Commerce Bill Colson Leadership Award for Outstanding Leadership and Superior Ability, 2000; SAVE Dade Champion of Equality, 2006; Miami Beach High School Hall of Fame, 2004; Top Lawyers in South Florida, *South Florida Legal Guide*, 2008-2009, 2011; Florida Super Lawyers, 2006-2010. Education: A.B., Magna Cum Laude, Harvard University; J.D., Magna Cum Laude, Harvard Law School.

The current Parking Director is Saul Frances. He has been the Parking Director for the City of Miami Beach since October 2000. Prior to Parking Director for the City of Miami Beach, Mr. Frances served as Assistant Parking Director for the City from December 1993 to October 2000 and Director of Planning and Development for the Miami Parking System from April 1987 to December 1993. Mr. Frances received his Bachelor of Science in Business Administration from Florida International University. He was awarded the certification of Certified Administrator of Public Parking from the International Parking Institute, and he is a Certified Parking Enforcement Specialist in the State of Florida.

John Woodruff was appointed Chief Financial Officer (CFO) for the City of Miami Beach in February 2017. Prior to becoming CFO, he served as Budget Director for the City of San Antonio, Texas for one year. John had previously served as the Director of the City of Miami Beach's Office of Budget & Performance Improvement, which includes the City's Internal Audit function, from 2013 to 2016. He also served as Interim CFO for four months in 2015 and 2016. In addition, John served as Budget Director in Pinellas County for five years. John has an MBA in International Business and is a member of the International City/County Management Association.

## **THE WATER AND SEWER UTILITY**

Water and Sewer Fund indebtedness at September 30, 2017, is comprised of the following issued indebtedness:

\$ 54,310,000 Series 2000 Revenue Bonds due in annual installments through 2030: interest at 5.00% - 5.75%	<u>\$30,830,000</u>
\$ 18,300,000 Series 2006B-2 Water and Sewer Revenue Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2019: interest at 4.40% - 4.50%	<u>\$11,895,000</u>
\$ 5,700,000 Series 2006E Water and Sewer Revenue Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: interest at 5.00%	<u>\$5,700,000</u>
\$ 13,590,000 Series 2009J-1A Water and Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: interest at 4.10% - 4.50%	<u>\$11,095,000</u>
\$ 10,000,000 Series 2009B Water and Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2023: interest at 4.82% - 5.00%	<u>\$10,000,000</u>
\$ 30,000,000 Series 2009J-1C Water and Sewer Revenue Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2039: interest at 5.00%	<u>\$10,000,000</u>

### **Existing Arrangements with the County**

The County and the City of Miami Beach executed a new 20-year water service agreement on July 29, 2008. The County charges a uniform rate to all its large volume users. For fiscal year ended September 30, 2017, the current rate was \$1.7341 per thousand gallons. In addition, the County and the City executed a new 20-year wastewater service agreement on December 17, 2014. The wastewater charges levied by County on Miami Beach are different for the dry season and the wet season. For fiscal year ended September 30, 2017, the current dry season charge was \$2.5793 per thousand gallons and the current wet season charge was \$3.3162 per thousand gallons.

### **General Water and Sewer Supply Agreement**

There were no changes to the information disclosed in the Continuing Disclosure Agreements contained in the Series 2017 Bond Official Statement dated November 30, 2017.

### **General Water and Sewer cost of Water Purchased**

There were no changes to the information disclosed in the Continuing Disclosure Agreements contained in the Series 2017 Bond Official Statement dated November 30, 2017.

## Sanitary Sewer Service Agreement

There were no changes to the information disclosed in the Continuing Disclosure Agreements contained in the Series 2017 Bond Official Statement dated November 30, 2017.

## Cost of Sanitary Sewer Service Purchased

There were no changes to the information disclosed in the Continuing Disclosure Agreements contained in the Series 2017 Bond Official Statement November 30, 2017.

## Rates, Fees and Charges

On September 10, 2015, the City Commission amended Section A to Article IV of Chapter 110 (Utilities - Fees, Charges Rates and Billing Procedure, Division 2. Rates, Fees and Charges) of the Miami Beach City Code as follows (Ordinance #2015-3967):

110-166(a) – Minimum Service Charge, effective for billings on or after October 1:

<b>Gallons of Water per Month</b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
5,000	\$ 16.15	\$ 19.40	\$ 21.80	\$ 21.80	\$ 21.80	\$ 21.80	\$ 21.80	\$ 21.80	\$ 22.15	\$ 23.04
7,000	22.61	27.16	30.52	30.52	30.52	30.52	30.52	30.52	31.01	32.25
11,000	35.53	42.68	47.96	47.96	47.96	47.96	47.96	47.96	48.73	50.68
17,000	54.91	65.96	74.12	74.12	74.12	74.12	74.12	74.12	75.31	78.32
40,000	129.20	155.20	174.40	174.40	174.40	174.40	174.40	174.40	177.20	184.29
80,000	258.40	310.40	348.80	348.80	348.80	348.80	348.80	348.80	354.40	368.58
120,000	387.60	465.60	523.30	523.30	523.30	523.30	523.30	523.30	531.60	552.86
200,000	646.00	776.00	872.00	872.00	872.00	872.00	872.00	872.00	886.00	921.44

110-166(b) – Water in excess of subsection 110-166(a) for billings on or after October 1:

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Per 1,000 gallons	\$ 2.79	\$ 3.23	\$ 3.88	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.43	\$ 4.61

110-168(a) – Sanitary sewer service charge for billings on or after October 1:

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Per 1,000 gallons	\$ 4.25	\$ 4.93	\$ 5.62	\$ 6.04	\$ 6.04	\$ 6.04	\$ 6.04	\$ 6.34	\$ 7.55	\$ 8.23

The information on the next page includes the new rate structure effective October 1, 2016.

On September 27, 2016, the City Commission enacted Ordinance No. 2016-4039 to establish the water and sanitary sewer monthly user rates for the Water and Sewer Utility. The monthly rates established in the Ordinance include:

- a) flat or constant base facility charge for services of the Water System and of the Sewer System that is predicated on the size of the meter;
- b) for the Water System:
  - (i) a consumption charge consisting of inclining blocked rates to promote water conservation, and
  - (ii) a purchased water pass-through rate to recover the costs of wholesale water services purchased from the County, including any increase in DERM Fees and

for the Sewer System:

- (i) a constant volumetric flow charge based on one hundred percent (100%) of the metered water consumption to such account ( domestic use, would not include separately metered water-only use) and
- (ii) a purchased sanitary sewer pass-through rate to recover the costs of wholesale wastewater service from the County, including any increase in DERM Fees.

The revenues derived from the application of the rates for monthly retail water service and retail and wholesale wastewater service accounted for approximately 99% of reported Revenues during Fiscal Year 2016.

The tables on the following pages are a summary of the existing and adopted monthly Water System rates of the City, all as contained in the Rate Ordinance.

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**Summary of Current Monthly Water System Rates**

<b><u>POTABLE WATER - DOMESTIC</u></b>	<b><u>Effective October 1,2016</u></b>	<b><u>POTABLE WATER - DOMESTIC</u></b>	<b><u>Effective October 1,2016</u></b>
<b><u>Individual-Meted Residential Rates</u></b>		<b><u>Nonresidential Service Rates:</u></b>	
<b>Base Facility Charge</b>		<b>Base Facility Charge</b>	
<u>Size of Meter</u>		<u>Size of Meter</u>	
3/4"	\$7.82	3/4"	\$7.82
1"	8.16	1"	16.88
1.5"	8.96	1.5"	32.20
2"	9.76	2"	50.43
3"	10.24	3"	97.39
4"	11.80	4"	151.24
		6"	302.99
		8"	478.48
		10"	686.84
		12"	1,269.69
<b>Consumption Charge per 1,000 Gallons</b>		<b>Consumption Charge per 1,000 Gallons [1]</b>	
0 to 8,000 Gallons	\$0.90	Block 1	\$1.58
8,001 to 16,000 Gallons	2.48	Block 2	2.70
16,001 to 24,000 Gallons	3.69	Block 3	3.60
Over 24,000 Gallons	5.04		
<b>Through Rate per 1,000 Gallons</b>			
All Usage per 1,000 Gallons	\$1.93		
<b><u>Master-Metered Multifamily Residential Service Rates:</u></b>		<b>Purchased Water Pass-</b>	
<b>Base Facility Charge</b>		All Usage per 1,000 Gallons	\$1.93
<u>Size of Meter</u>			
3/4"	\$7.82		
1"	16.88		
1.5"	32.20		
2"	50.43		
3"	97.39		
4"	151.24		
6"	302.99		
8"	478.48		
10"	686.84		
12"	1,269.69		
<b>Water Consumption Charge per 1,000 Gallons</b>		<b>Consumption Charge per 1,000 Gallons</b>	
Block 1	\$1.58	0 to 16,000 Gallons	\$2.47
Block 2	2.70	Over 16,000 Gallons	5.04
Block 3	3.60		
		<b>Purchased Water Pass-</b>	
		All Usage per 1,000 Gallons	\$1.93
<b>Purchased Water Pass- Through Rate per 1,000 Gallons</b>			
All Usage per 1,000 Gallons	\$1.93		

**Summary of Current Monthly Water System Rates**

<b><u>Master-Metered Multifamily Residential Irrigation Service:</u></b>	<b><u>Effective October 1,2016</u></b>	<b><u>FIRE SPRINKLER SYSTEM</u></b>	<b><u>Effective October 1,2016</u></b>
<b>Base Facility Charge</b>	<b>Rate</b>	<b>Base Facility Charge</b>	<b>Rate</b>
<u>Size of Meter</u>		<u>Size of Meter</u>	
3/4"	\$7.82	2"	\$ 9.34
1"	16.88	3"	17.18
1.5"	32.20	4"	26.00
2"	50.43	6"	50.50
3"	97.39	8"	79.90
4"	151.24	10"	114.20
6"	302.99		
8"	478.48	<b>Tapping fee, per size of tap in inches</b>	<b>Rate</b>
10"	686.84	3/4-inch	\$ 4,726.00
12"	1,269.69	1- inch	4,665.00
		1 1/2- inch	5,106.00
<b>Consumption Charge per 1,000 Gallons [2]</b>		2- inch	5,116.00
Block 1	\$2.47	3- inch	5,627.00
Block 2	5.04	4- inch	6,189.00
		6- inch	6,808.00
<b>Purchased Water Pass-Through Rate per 1,000 Gallons</b>			
All Usage per 1,000 Gallons	\$1.93	<b>Guarantee of payment deposit, per service in inches:</b>	
		3/4-inch	\$ 40.00
		1- inch	50.00
		1 1/2- inch	60.00
		2- inch	100.00
		3- inch	500.00
		4- inch	600.00
		6- inch	1,000.00
		8- inch	1,500.00
		Re-read fee ( Charged if	25.00
		Special read fee	25.00
		Servicing a meter found	Actual Costs
<b><u>Nonresidential Service:</u></b>		<b>FIELD VISIT FEE:</b>	
<b>Base Facility Charge</b>		Normal business hours	\$ 25.00
<u>Size of Meter</u>		After normal business hours	50.00
3/4"	\$7.82		
1"	16.88		
1.5"	32.20		
2"	50.43		
3"	97.39		
4"	151.24		
6"	302.99		
8"	478.48		
10"	686.84		
12"	1,269.69		
<b>Consumption Charge per 1,000 Gallons [2]</b>			
Block 1	\$2.47		
Block 2	5.04		
<b>Purchased Water Pass-Through Rate per 1,000 Gallons</b>			
All Usage per 1,000 Gallons	\$1.93		

**Summary of Current Monthly Sanitary Sewer Rates**

<b><u>Individually-Metered Residential:</u></b>	<b><u>Effective October 1,2016</u></b>	<b><u>Non-residential Service:</u></b>	<b><u>Effective October 1,2016</u></b>
<b>Base Facility Charge</b>	<b>Rate</b>	<b>Base Facility Charge</b>	<b>Rate</b>
<u>Size of Meter</u>		<u>Size of Meter</u>	
All Meter Sizes	\$8.45	3/4"	\$8.45
		1"	18.88
<b>Consumption Charge per 1,000</b>		1.5"	36.25
All Flow per 1,000 Gallons	\$4.26	2"	57.10
		3"	112.70
<b>Purchased Sewer Pass-Through</b>			
<b>Rate per 1,000 Gallons</b>		4"	175.25
All Flow per 1,000 Gallons	\$4.76	6"	349.00
		8"	557.50
<b><u>Master-Metered Multifamily</u></b>			
<b><u>Residential Service Rates:</u></b>		10"	800.75
		12"	1,495.75
<b>Base Facility Charge</b>			
<u>Size of Meter</u>		<b>Consumption Charge per</b>	
3/4"	\$8.45	All Flow per 1,000 Gallons	\$4.26
1"	18.88		
1.5"	36.25	<b>Purchased Sewer Pass-</b>	
2"	57.10	All Flow per 1,000 Gallons	\$4.76
3"	112.70		
4"	175.25		
6"	349.00		
8"	557.50		
10"	800.75		
12"	1,495.75		
<b>Consumption Charge per 1,000</b>			
<b>Gallons</b>			
All Flow per 1,000 Gallons	\$4.26		
<b>Purchased Sewer Pass-Through</b>			
All Flow per 1,000 Gallons	\$4.76		

## **Water System - Water Use**

### **Summary**

**September 30, 2017**

Average Annual Accounts Served	13,485
Average Annual ERUs Served	37,866
Total Finished Water Purchased	
Total Gallons (000s)	8,566,212
MGD Annual Average Daily Flow	23,469
Total Finished Water Sold to Retail Customers	
Total Gallons (000s)	6,945,936
MGD Annual Average Daily Flow	19,030
Non Revenue Water Percentage (% of Purchase)	18.91%

Source: Public Works Department and Financial Feasibility Report dated September 29, 2017

## **Water- Main Piping**

<u><b>Diameter</b></u>	<u><b>Length (miles)</b></u> <u><b>(less than forty years)</b></u>	<u><b>Length (miles)</b></u> <u><b>(forty years or older)</b></u>	<u><b>Total Length (miles)</b></u>
2 4 inches	2.91	15.17	18.08
6 8 inches	23.43	72.31	95.74
10 12 inches	7.59	17.66	25.25
14 24 inches	8.24	24.20	32.44
26 36 inches	0.16	2.89	3.05
Above 36 inches	0.08	2.63	2.71
Total	<b>42.41</b>	<b>134.86</b>	<b>177.27</b>

Source: Engineering Report dated September 29, 2017

## **Sewer System – Wastewater Disposal**

### **Summary**

**September 30, 2017**

Average Annual Retail Accounts Served	10,484
Average Annual ERUs Served	29,305
Total Wastewater Treatment by Contract (Satellite Cities)	
Total Gallons Purchased (000s)	8,303,630
MGD Annual Average Daily Flow	22,750
Total Wastewater Flow Billed to Customers	
Total Gallons Billed Retail Customers (000s)	
Amount of Gallons Billed	5,301,127
MGD Annual Average Daily Flow	14,524
Total Gallons Billed Wholesale Customers (000s)	
Amount of Gallons Billed	830,821
MGD Annual Average Daily Flow	2,276
Total Wastewater Billed to both Retail and Wholesale Customers (000s)	
Total Gallons Billed (000s)	6,131,948
MGD Annual Average Daily Flow	16,800

Source: Public Works Department and Financial Feasibility Report dated September 29, 2017

### **Anticipated Cost Increases**

Since Miami Beach is a large volume user of the County's water and sewer system, cost increases incurred with respect to the County's system, which are passed through to the County's customers, have a direct impact on the rates charged by Miami Beach to its retail customers,. Miami Beach anticipates that there will be rate increases imposed by the County over the next several years, as a result of a variety of factors including recent and anticipated debt issuance of the County to fund improvements to its water and sewer system, a portion of the costs of which are expected to be included in the rates charge to Miami Beach.

**City of Miami Beach, Florida**  
**Table of Historical Water and Sewer Utility Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 2008 through September 30, 2017 ( in thousands of dollars)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Water	\$ 25,552	\$ 30,889	\$ 33,424	\$ 33,844	\$ 33,623	\$ 32,819	\$ 33,306	\$ 34,246	\$ 35,429	\$ 34,257
Wastewater	28,814	33,471	36,208	35,243	35,000	35,565	36,094	41,873	45,435	50,483
Total Revenues	<u>\$ 54,366</u>	<u>\$ 64,360</u>	<u>\$ 69,632</u>	<u>\$ 69,087</u>	<u>\$ 68,623</u>	<u>\$ 68,384</u>	<u>\$ 69,400</u>	<u>\$ 76,119</u>	<u>\$ 80,864</u>	<u>\$ 84,740</u>
Current Expenses:										
Water	\$ 17,681	\$ 18,712	\$ 21,999	\$ 23,770	\$ 22,917	\$ 23,874	\$ 23,636	\$ 24,087	\$ 25,136	\$ 27,664
Wastewater	19,938	20,271	23,832	24,740	23,853	25,864	25,606	29,440	31,988	35,206
Total Current Exp.	<u>\$ 37,619</u>	<u>\$ 38,983</u>	<u>\$ 45,831</u>	<u>\$ 48,510</u>	<u>\$ 46,770</u>	<u>\$ 49,738</u>	<u>\$ 49,242</u>	<u>\$ 53,527</u>	<u>\$ 57,124</u>	<u>\$ 62,870</u>
Net Revenues:										
(Available for Debt Service)	<u>\$ 16,747</u>	<u>\$ 25,377</u>	<u>\$ 23,801</u>	<u>\$ 20,577</u>	<u>\$ 21,853</u>	<u>\$ 18,646</u>	<u>\$ 20,158</u>	<u>\$ 22,592</u>	<u>\$ 23,740</u>	<u>\$ 21,870</u>
Total Debt Service	<u>\$ 8,812</u>	<u>\$ 8,927</u>	<u>\$ 8,812</u>	<u>\$ 9,892</u>	<u>\$ 9,901</u>	<u>\$ 9,918</u>	<u>\$ 8,661</u>	<u>\$ 10,235</u>	<u>\$ 8,882</u>	<u>\$ 11,304</u>
Debt Service Coverage	<u>1.90</u>	<u>2.84</u>	<u>2.70</u>	<u>2.08</u>	<u>2.21</u>	<u>1.88</u>	<u>2.33</u>	<u>2.21</u>	<u>2.67</u>	<u>1.93</u>

The minimum coverage per the bond resolution is 110%

Source: City of Miami Beach Finance & Budget Department

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## THE STORMWATER UTILITY

Storm Water Fund indebtedness at September 30, 2017, is comprised of the following issued indebtedness:

\$ 16,185,000 Series 2009J-2 Storm Water Revenue Refunding Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: interest at 2.00% - 4.50%	<u>\$7,190,000</u>
\$ 52,130,000 Series 2011A Storm Water Revenue Bonds, due in annual installments through 2041: interest at 4.00% - 5.25%	<u>\$49,055,000</u>
\$ 26,575,000 Series 2011B Storm Water Revenue Refunding Bonds, due in annual installments through 2041: interest at 4.00% - 5.25%	<u>\$25,855,000</u>
\$ 99,590,000 Series 2015 Storm Water Revenue Bonds, due in annual installments through 2045: interest at 2.00% - 5.00 %	<u>\$99,155,000</u>

### Rates, Fees and Charges

On October 18, 2017, the City Commission amended Article III of Chapter 110 (Stormwater Utility) of the Miami Beach City Code as follows (Ordinance #2017-4145):

110-109(c) – Stormwater utility service charge effective for billings on or after October 1:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Per equivalent residential unit (ERU)	\$ 7.42	\$ 9.06	\$ 9.06	\$ 9.06	\$ 9.06	\$ 9.06	\$ 16.67	\$ 16.67	\$ 22.67	\$ 23.30

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**City of Miami Beach, Florida**  
**Table of Historical Stormwater Utility Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 2009 through September 30, 2017**  
**( in thousands of dollars)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Stormwater	\$ 8,493	\$ 10,130	\$ 11,444	\$ 11,845	\$ 11,754	\$ 11,779	\$ 11,939	\$ 21,322	\$ 21,833	\$ 28,587
Total Revenues	\$ 8,493	\$ 10,130	\$ 11,444	\$ 11,845	\$ 11,754	\$ 11,779	\$ 11,939	\$ 21,322	\$ 21,833	\$ 28,587
Current Expenses:										
Stormwater	\$ 3,190	\$ 2,875	\$ 2,717	\$ 3,347	\$ 3,771	\$ 3,012	\$ 3,287	\$ 4,805	\$ 4,467	\$ 6,904
Total Current Exp.	\$ 3,190	\$ 2,875	\$ 2,717	\$ 3,347	\$ 3,771	\$ 3,012	\$ 3,287	\$ 4,805	\$ 4,467	\$ 6,904
Net Revenues:										
(Available for Debt Service)	\$ 5,303	\$ 7,255	\$ 8,727	\$ 8,498	\$ 7,983	\$ 8,767	\$ 8,652	\$ 16,517	\$ 17,366	\$ 21,683
Total Debt Service	\$ 3,569	\$ 3,570	\$ 3,571	\$ 2,043	\$ 4,837	\$ 5,848	\$ 5,849	\$ 6,828	\$ 11,237	\$ 11,361
Debt Service Coverage	1.49	2.03	2.44	4.16	1.65	1.50	1.48	2.42	1.55	1.91

The minimum coverage per the bond resolution is 110%

Source: City of Miami Beach Finance & Budget Department

## Comparative Rates

Based on monthly stormwater utility fees for Florida local governments, as compiled in the 2016 Stormwater Utility Report by the Florida Stormwater Association, the current and projected fees for services of the Stormwater Utility are higher than the fees charged for such services by other cities and counties in Florida. The average ERU rate for Florida cities and counties in the 2016 Florida Stormwater Association Report is \$6.57. Not including the City's current ERU rate of \$22.67, plus CPI (Consumer Price Index pursuant to Sec 110-171(b), the Florida Stormwater Association Report provides a range in monthly rates per ERU from \$0.75 to \$60.00.

The table on the next page lists the Florida local governments included in the 2016 Florida Stormwater Association Report and the stormwater utility fees charged by each governmental entity.

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## Comparative Monthly Stormwater Rates Based on Standardized Billing Area

Standardizing the billing area to 1,000 square feet gives the average for 2016 to be \$2.78 (2014 was \$2.58).  
Rate per 1,000 square feet: Low: \$0.25 High: \$12.33

Jurisdiction	Rate/1000 Sq. Ft.
Brevard County	\$1.73
Charlotte County	\$0.25
City of Altamonte Springs	\$2.71
City of Atlantic Beach	\$4.69
City of Boca Raton	\$1.14
City of Boynton Beach	\$2.58
City of Bradenton	\$2.65
City of Cape Canaveral	\$2.41
City of Casselberry	\$3.04
City of Clearwater	\$7.83
City of Clermont	\$0.95
City of Cocoa	\$2.89
City of Cocoa Beach	\$2.76
City of Coconut Creek	\$1.71
City of Cooper City	\$1.67
City of Coral Gables	\$3.75
City of Daytona Beach	\$5.65
City of DeBary	\$2.73
City of Delray Beach	\$2.13
City of Doral	\$2.58
City of Dunedin	\$5.95
City of Edgewater	\$4.44
City of Flagler Beach	\$2.44
City of Fort Meade	\$2.25
City of Fort Myers	\$1.92
City of Fort Pierce	\$2.06
City of Fort Walton Beach	\$1.33
City of Gainesville	\$3.91
City of Gulfport	\$1.57
City of Haines City	\$2.34
City of Hallandale Beach	\$3.50
City of Hialeah	\$1.50
City of Homestead	\$1.69
City of Indian Harbour Beach	\$1.60
City of Jacksonville	\$1.61
City of Jacksonville Beach	\$3.33
City of Key West	\$5.71
City of Kissimmee	\$3.36
City of Lake Mary	\$0.87
City of Lakeland	\$1.20
City of Largo	\$2.95
City of Leesburg	\$2.75
City of Longwood	\$2.07
City of Maitland	\$3.87
City of Margate	\$2.21
City of Melbourne	\$1.47
City of Miami	\$2.94
City of Miami Gardens	\$2.58
City of Minneola	\$3.64
City of Naples	\$6.75
City of Neptune Beach	\$1.58
City of New Port Richey	\$1.28

Jurisdiction	Rate/1000 Sq. Ft.
City of New Smyrna Beach	\$3.94
City of Niceville	\$0.60
City of North Lauderdale	\$1.40
City of North Miami	\$3.52
City of Oakland Park	\$4.64
City of Ocala	\$2.05
City of Oldsmar	\$1.96
City of Orlando	\$5.00
City of Ormond Beach	\$2.67
City of Palm Bay	\$0.97
City of Palm Coast	\$3.16
City of Pensacola	\$1.76
City of Pompano Beach	\$1.28
City of Port St. Lucie	\$5.59
City of Riviera Beach	\$4.69
City of Rockledge	\$1.45
City of Safety Harbor	\$3.89
City of Sanford	\$3.88
City of Satellite Beach	\$2.89
City of Sebastian	\$1.52
City of St. Petersburg	\$2.52
City of Stuart	\$1.07
City of Sweetwater	\$2.74
City of Tallahassee	\$3.99
City of Tamarac	\$5.02
City of Tampa	\$2.06
City of Tavares	\$2.21
City of Titusville	\$2.11
City of Umatilla	\$1.33
City of West Melbourne	\$1.20
City of West Miami	\$1.79
City of West Palm Beach	\$4.89
City of Wilton Manors	\$1.26
City of Winter Park	\$4.97
City of Winter Springs	\$2.59
Leon County	\$2.16
Marion County	\$0.55
Miami-Dade County	\$2.58
Pasco County	\$1.64
Pinellas County	\$4.19
Sarasota County	\$2.39
Town of Bay Harbor Islands	\$3.23
Town of Belleair	\$2.18
Town of Cutler Bay	\$2.58
Town of Jupiter	\$1.72
Town of Melbourne Beach	\$1.20
Town of Redington Shores	\$1.14
Town of Surfside	\$4.12
Village of Indian Creek	\$1.00
Village of Key Biscayne	\$12.33
Village of Pinecrest	\$5.17
Volusia County	\$2.16

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## RESORT TAX BONDS

The Resort Tax Bonds outstanding at September 30, 2017 consist of the following:

\$ 194,920,000 Series 2015 Resort Tax Revenue Bonds due in annual installments  
through 2045: interest at 3.00% - 5.00%     \$187,920,000

The following is additional Annual Financial Information as required by the Series 2015 Resort Tax Bonds that were issued on December 15, 2015, during fiscal year 2016. The Annual Financial Information for the Series 2015 Parking Bonds is incorporated within the Parking Annual Financial Information commencing on page 9.

Set forth below is a summary of Resort Tax Revenues by source for Fiscal Year 2013 through 2017 and projected for Fiscal Year 2018.

Source of Resort Tax Revenue	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017 <sup>(1)</sup>	Fiscal Year Ending Sept. 30 2018 <sup>(2)</sup>
3% on Transient Rentals	\$ 33,367,131	\$ 35,315,559	\$ 38,281,053	\$ 40,764,409	\$ 39,694,836	\$ 39,813,000
1% Additional Tax on Transient Rentals for Debt Service	-	-	-	11,836,117	13,231,611	13,271,000
2% on Food and Beverages	25,250,861	26,444,959	29,718,863	30,032,618	28,983,585	30,149,000
<b>Total</b>	<b><u>\$ 58,617,992</u></b>	<b><u>\$ 61,760,518</u></b>	<b><u>\$ 67,999,916</u></b>	<b><u>\$ 82,633,144</u></b>	<b><u>\$ 81,910,032</u></b>	<b><u>\$ 83,233,000</u></b>

Source: City of Miami Beach Finance & Budget Departments

(1) Based on actual, audited amounts for the period indicated.

(2) Represents the budgeted amounts per the City's Adopted Budget for Fiscal Year 2018.

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The information in the following table sets forth the historical and projected collection of Resort Tax Revenues, Maximum Annual Debt Service for the Series 2015 Bonds and coverage provided, or projected to be provided, by the Resort Tax Revenues.

### **Resort Tax Revenues, Debt Service and Debt Service Coverage**

<u>Fiscal Year</u>	<u>Resort Tax Revenues</u>	<u>Maixmum Annual Debt Service on Series 2015 Bonds <sup>(1)</sup></u>	<u>Coverage on Maixmum Annual Debt Service on Series 2015 Bonds <sup>(1)</sup></u>
2012	53,920,167	12,454,750	4.33
2013	58,617,992	12,454,750	4.71
2014	61,760,518	12,454,750	4.96
2015	67,999,916	12,454,750	5.46
2016	82,754,779	12,454,750	6.64
2017	81,910,032	12,454,750	6.58
2018 <sup>(2)</sup>	83,233,000	12,454,750	6.68
2019 <sup>(3)</sup>	83,233,000	12,454,750	6.68
2020 <sup>(3)</sup>	83,233,000	12,454,750	6.68
2021 <sup>(3)</sup>	83,233,000	12,454,750	6.68

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Source: City of Miami Beach Finance & Budget Departments

- (1) Represents the Maximum Annual Debt Service on the Series 2015 Bonds. The Maximum Annual Debt Service on the Series 2015 Bonds is included in the historical years solely for purposes of showing the amount of coverage that would have been available if the Series 2015 Bonds had been issued prior to Fiscal Year 2011. The Maximum Annual Debt Service on the Series 2015 Bonds occurs in Fiscal Years 2031, 2037 and 2038.
- (2) Represents the budgeted amounts per the City's Adopted Budget for Fiscal Year 2018, plus the amount budgeted to be collected from the Additional Tax of one percent (1%) for Convention Center improvements.
- (3) Amounts presented assume no growth in Resort Tax Revenues from the amount budgeted for in Fiscal Year 2018.

# **MUNICIPAL SECURITY DISCLOSURE**

**Miami Beach Redevelopment Agency**

For the Fiscal Year Ended September 30, 2017



Prepared by:  
The City of Miami Beach Finance Department  
1700 Convention Center Drive, Miami Beach, Florida • 33139  
Tel: (305) 673 – 7466 • Fax: (305) 673 – 7795



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

OFFICE OF THE CITY MANAGER

Tel: (305) 673-7010, Fax: (305) 673-7782

May 23, 2018

DAC

Attn: Diana O'Brien  
390 N. Orange Ave., Suite 1750  
Orlando, FL 32801

**Re: Annual Report for the Miami Beach Redevelopment Agency, and the City of Miami Beach, Florida, in accordance with Continuing Disclosure Requirements of SEC Rule 15c2-12**

In accordance with undertakings of the City of Miami Beach (the "City") and the Miami Beach Redevelopment Agency (the "Agency") regarding continuing disclosure made pursuant to SEC Rule 15c2-12(b)(5)(i), by the Resolutions adopted by the Mayor and City Commission of the City and by the Chairman and Members of the Agency, described below, enclosed is the annual financial information and operating data for the Fiscal Year ending on September 30, 2017, as described in the respective undertakings for the following bond issues of the Agency:

**\$286,245,000 Miami Beach Redevelopment Agency, Tax Increment Revenue and Refunding Bonds, Series 2015A (City Center/Historic Convention Village)**

- Official Statement Dated November 19, 2015
- City Resolution No. 2015-29174 adopted on October 14, 2015, and Agency Resolution No. 619-2015 adopted on October 14, 2015, and the Continuing Disclosure Agreement dated December 15, 2015.

**\$35,850,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2015B (City Center/Historic Convention Village)**

- Official Statement Dated November 19, 2015
- City Resolution No. 2015-29174 adopted on October 14, 2015, and Agency Resolution No. 619-2015 adopted on October 14, 2015, and the Continuing Disclosure Agreement dated December 15, 2015.

Such information and operating data are hereinafter collectively called the "Fiscal Year 2017 Annual Information."

The information is for the Fiscal Year of the Agency ended September 30, 2017, and constitutes the annual information, agreed to be provided under the provisions regarding continuing disclosure set forth in the Resolutions adopted at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for that period may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be material to the making of an investment decision. Further, no representation is made that such information is indicative of financial or operating results of the Agency or the City since the end of that Fiscal Year or of future financial or operating results.

Any questions concerning this filing should be directed to John Woodruff, Chief Financial Officer, 1700 Convention Center Drive, Miami Beach, Florida 33139; Telephone (305) 673-7466.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John Woodruff', with a long horizontal flourish extending to the right.

**John Woodruff**

Chief Financial Officer  
City of Miami Beach and the  
Miami Beach Redevelopment Agency

**MIAMI BEACH REDEVELOPMENT AGENCY  
AND  
CITY OF MIAMI BEACH, FLORIDA  
REPORT OF ANNUAL FINANCIAL INFORMATION  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2017**

The following provides, in accordance with provisions regarding continuing disclosure set forth in Resolution No. 2015-29174, adopted by the Mayor and City Commission of the City of Miami Beach (the "City"), on October 14, 2015, and Resolution No. 619-2015, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency (the "Agency") on October 14, 2015 (the "2015 Bond Resolution"), the Continuing Disclosure Agreement, dated as of December 15, 2015, by and among the Agency and Digital Assurance Certification, LLC (the "2015 Continuing Disclosure Agreement"), and SEC Rule 15c2-12(b)(5)(i), annual financial information and operating data for the Agency's and the City's fiscal year ended September 30, 2017 ("Fiscal Year 2017") of the type included in the final official statement for its primary offerings of:

\$286,245,000 Miami Beach Redevelopment Agency, Tax Increment Revenue and Refunding Bonds, Series 2015A (City Center/Historic Convention Village), and,

\$35,850,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2015B (City Center/Historic Convention Village).

The above annual financial information and operating data are hereinafter collectively referred to as the "Fiscal Year 2017 Annual Information."

The Fiscal Year 2017 Annual Information constitutes only the annual financial information and operating data agreed to be provided pursuant to the provisions regarding continuing disclosure in the Bond Resolutions adopted at the time of the primary offerings referenced above and the Continuing Disclosure Commitments, dated as of December 15, 2015. No representation is made as to the materiality or completeness of that information.

Other relevant information for Fiscal Year 2017 may exist, and matters may have occurred or become known during or since that period, which a reasonable investor would consider to be important when making an investment decision. Further, no representation is made that the Fiscal Year 2017 Annual Information is indicative of financial operating results of the Agency or the City since the end of Fiscal Year 2017 or future financial or operating results.

**MIAMI BEACH REDEVELOPMENT AGENCY**  
CONTACT: John Woodruff, Chief Financial Officer  
Miami Beach Redevelopment Agency

1700 Convention Center Drive  
Miami Beach, Florida 33139  
Telephone: (305) 673-7466

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## INTRODUCTION

This Report of Annual Financial Information is being filed with the Electronic Municipal Market Access (EMMA), a service of the Municipal Securities Rulemaking Board (MSRB), pursuant to the provisions regarding continuing disclosure set forth in Resolution No. 2015-29174, adopted by the Mayor and City Commission of the City of Miami Beach, on October 14, 2015, and Resolution No. 619-2015, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency on October 14, 2015 (the "2015 Bond Resolution" and, collectively with the 1998 and 2005 Bond Resolutions, hereinafter referred to as the "Resolutions"), the Continuing Disclosure Agreement, dated as of December 15, 2015, (collectively, the "Disclosure Provisions") in connection with the issuance of:

\$286,245,000 Miami Beach Redevelopment Agency, Tax Increment Revenue and Refunding Bonds, Series 2015A (City Center/Historic Convention Village), and,

\$35,850,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2015B (City Center/Historic Convention Village).

The Disclosure Provisions were executed and delivered for the benefit of the holders, owners and beneficial owners of each series of bonds and in order to assist the underwriters of each series of Bonds in complying with the terms and provisions of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. §240.115c2-12).

In connection with the issuance of each series of Bonds, the Agency delivered Official Statements dated November 19, 2015 (as to the 2015 Bonds).

Capitalized terms used herein, and not otherwise defined, shall have the meanings set forth in the Official Statement.

## TAX INCREMENT REVENUE BONDS

### Historical Taxable Real Property and Tax Increment Revenues

The following table sets forth historical collections of Tax Increment Revenues in the City Center Historic Convention Village Redevelopment Area for Fiscal Years 1993 through 2017:

#### Miami Beach Redevelopment Agency Historical Taxable Real Property and Tax Increment Revenues City Center Historic Convention Village

<u>Tax Year</u> <u>(FY Ended</u> <u>Sept. 30)</u>	<u>(Preliminary)</u> <u>Total Taxable</u> <u>Real Property</u>	<u>Increment of</u> <u>Taxable Real</u> <u>Property</u>	<u>Annual</u> <u>Change in</u> <u>Taxable</u> <u>Values</u>	<u>County</u> <u>Millage</u>	<u>City</u> <u>Millage</u>	<u>County</u> <u>Payments</u> <u>at 95%</u>	<u>City</u> <u>Payments</u> <u>at 95%</u>	<u>Total Tax</u> <u>Increment</u>
Base/ 1992 (FY93)	\$ 292,572,271							
1993 (FY94)	\$ 373,316,447	\$ 80,744,176	27.6%	7.289	8.238	\$ 559,117	\$ 631,912	\$ 1,191,029
1994 (FY95)	470,779,626	178,207,355	26.1%	7.289	7.143	1,234,006	1,209,288	2,443,294
1995 (FY96)	491,677,581	199,105,310	4.4%	6.826	7.499	1,291,517	1,418,436	2,709,953
1996 (FY97)	497,342,509	204,770,238	1.2%	6.469	7.499	1,258,426	1,458,793	2,717,219
1997 (FY98)	531,364,583	238,792,312	6.8%	6.023	7.499	1,366,334	1,701,168	3,067,502
1998 (FY99)	609,832,451	317,260,180	14.8%	6.023	7.499	1,815,315	2,260,117	4,075,432
1999 (FY00)	894,145,474	601,573,203	46.6%	5.809	7.499	3,319,812	4,285,638	7,605,450
2000 (FY01)	1,021,968,290	729,396,019	14.3%	5.751	7.399	3,985,019	5,126,961	9,111,980
2001 (FY02)	1,218,222,763	925,650,492	19.2%	5.713	7.299	5,023,829	6,418,507	11,442,336
2002 (FY03)	1,359,799,118	1,067,226,847	11.6%	5.889	7.299	5,970,654	7,400,204	13,370,858
2003 (FY04)	1,498,627,666	1,206,055,395	10.2%	5.969	7.299	6,838,997	8,362,848	15,201,845
2004 (FY05)	1,633,198,959	1,340,626,688	9.0%	5.935	7.425	7,558,788	9,456,446	17,015,234
2005 (FY06)	2,270,499,203	1,977,926,932	39.0%	5.835	7.481	10,964,143	14,057,028	25,021,171
2006 (FY07)	3,003,565,939	2,710,993,668	32.3%	5.615	7.374	14,452,835	18,991,324	33,444,159
2007 (FY08)	3,585,310,480	3,292,738,209	19.4%	4.5796	5.656	14,325,453	17,690,977	32,016,430
2008 (FY09)	3,707,103,133	3,414,530,862	3.4%	4.8379	5.656	15,693,201	18,345,335	34,038,536
2009 (FY10)	3,446,724,524	3,154,152,253	-7.0%	4.8379	5.656	14,496,500	16,946,393	31,442,893
2010 (FY11)	3,404,963,718	3,112,391,447	-1.2%	5.4275	6.216	16,047,879	18,377,816	34,425,695
2011 (FY12)	3,423,353,944	3,130,781,673	0.5%	4.8050	6.1655	14,291,236	18,337,693	32,628,929
2012 (FY13)	3,608,718,451	3,316,146,180	5.4%	4.7035	6.0909	14,817,619	19,188,399	34,006,018
2013 (FY14)	3,871,409,731	3,578,837,460	7.3%	4.7035	5.8634	15,991,409	19,934,948	35,926,357
2014 (FY15)	4,186,683,074	3,894,110,803	8.1%	4.6669	5.7942	17,264,754	21,435,094	38,699,848
2015 (FY16)	4,821,643,185	4,529,070,914	15.2%	4.6669	5.7092	20,079,885	24,564,503	44,644,388
2016 (FY17)	5,612,744,843	5,320,172,572	16.4%	4.6669	5.7092	23,587,278	28,855,233	52,442,510
2017 (FY18)	5,702,556,459	5,409,984,188	1.60%	4.6669	5.7224	22,422,329	\$ 27,497,948	49,920,277

Source: City of Miami Beach Budget Department

## Annual Financial Information for the Series 2015 Bonds

The following is additional Annual Financial Information as required by the 2015 Bonds that were issued on December 15, 2015, during the fiscal year ended September 30, 2017.

Set forth below is a table that shows the assessed value of the taxable real property in the Redevelopment Area that provided the basis for the amount of Trust Fund Revenues collected from the City and the County for the past ten (10) years.

### Real Property Assessed Values

Tax Roll Year As of <u>January 1</u>	Fiscal Year Ended <u>September 30</u>	<b>A</b>		<b>B</b>		<b>= A - B</b>	
		Gross Taxable Value <sup>(1)</sup>	Percentage Increase or Decrease Over Prior Year	Base Year Taxable Value <sup>(2)</sup>	Incremental Value <sup>(3)</sup>	Percentage Increase or Decrease Over Prior Year	Dollar Increase or Decrease Over Prior Year
2007	2008	\$ 3,365,892,373	18.32%	\$ 292,572,271	\$ 3,073,320,102	20.42%	\$ 521,061,800
2008	2009	3,432,433,257	1.98	292,572,271	3,139,860,986	2.17	66,540,884
2009	2010	3,149,258,145	-8.25	292,572,271	2,856,685,874	-9.02	(283,175,112)
2010	2011	3,088,176,384	-1.94	292,572,271	2,795,604,113	-2.14	(61,081,761)
2011	2012	3,407,221,550	10.33	292,572,271	3,114,649,279	11.41	319,045,166
2012	2013	3,610,880,289	5.98	292,572,271	3,318,308,018	6.54	203,658,739
2013	2014	3,871,409,731	7.22	292,572,271	3,578,837,460	7.85	260,529,442
2014	2015	4,186,683,074	8.14	292,572,271	3,894,110,803	8.81	315,273,343
2015	2016	4,821,643,185	15.17	292,572,271	4,529,070,914	16.31	634,960,111
2016	2017	5,612,744,843	16.41	292,572,271	5,320,172,572	17.47	791,101,658

Source: City of Miami Beach Budget Department

- (1) Represents gross taxable value of real property in the Redevelopment Area, as reflected in the final assessment rolls for the Fiscal Years ended September 30, 2007 through 2016 and as reflected in the preliminary assessment tax rolls Years ended 2016 and Fiscal Year Ended 2017.
- (2) Represents taxable value of real property in the Redevelopment Area for the tax roll year as of January 1, 1992, Fiscal Year ended September 30, 1993.
- (3) Incremental Value equals the Gross Taxable Value minus the Base Year Taxable Value.

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Set forth below is a table that shows the rate of growth of taxable values and tax increment levied in the Redevelopment Area in accordance with the Act for the past five (5) Fiscal Years

**Tax Increment Revenues and Growth <sup>(1)</sup>**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Increase (Decrease) in Existing Value	<u>4.91%</u>	<u>8.13%</u>	<u>8.67%</u>	<u>15.34%</u>	<u>16.32%</u>
Existing Value	\$ 3,551,915,704	\$ 3,840,656,769	\$ 4,173,787,012	\$ 4,813,918,016	\$ 5,599,425,080
Final Gross Taxable Value	\$ 3,610,880,289	\$ 3,871,409,731	\$ 4,186,683,074	\$ 4,821,643,185	\$ 5,612,744,843
Base Year Taxable Value	(292,572,271)	(292,572,271)	(292,572,271)	(292,572,271)	(292,572,271)
<b>Increment Taxable Value</b>	<b>\$ 3,318,308,018</b>	<b>\$ 3,578,837,460</b>	<b>\$ 3,894,110,803</b>	<b>\$ 4,529,070,914</b>	<b>\$ 5,320,172,572</b>
<b>City of Miami Beach <sup>(2)</sup></b>					
Millage Rate (City)	6.0909	5.8634	5.7942	5.7092	5.7092
Gross Increment Revenue <sup>(3)</sup>	\$ 20,211,482	\$ 20,984,156	\$ 22,563,257	\$ 25,857,372	\$ 30,373,929
Statutory Reduction (5.0%)	(1,010,574)	(1,049,208)	(1,128,163)	(1,292,869)	(1,518,696)
<b>City Tax Increment Revenue <sup>(3)</sup></b>	<b>19,200,908</b>	<b>19,934,948</b>	<b>21,435,094</b>	<b>24,564,503</b>	<b>28,855,233</b>
<b>Miami-Dade County <sup>(2)</sup></b>					
Millage Rate (County)	4.7035	4.0735	4.6669	4.6669	4.6669
Gross Increment Revenue <sup>(3)</sup>	15,607,662	16,833,062	18,173,426	21,136,721	24,828,713
Statutory Reduction (5.0%)	(780,383)	(841,653)	(908,671)	(1,056,836)	(1,241,436)
<b>County Tax Increment Revenue <sup>(3)</sup></b>	<b>14,827,279</b>	<b>15,991,409</b>	<b>17,264,755</b>	<b>20,079,885</b>	<b>23,587,277</b>
<b>Total Tax Increment Revenue <sup>(3)</sup></b>	<b>\$ 34,028,187</b>	<b>\$ 35,926,357</b>	<b>\$ 38,699,849</b>	<b>\$ 44,644,388</b>	<b>\$ 52,442,510</b>

Source: City of Miami Beach Finance Department

- (1) Based on the final assessment rolls for real property in the Redevelopment Area for the Fiscal Years ended September 30, 2013 through 2015 and the preliminary assessment rolls for such property for the Fiscal Years ended September 30, 2016 and 2017.
- (2) See "SECURITY AND SOURCES OF PAYMENT - Pledged Funds" in the 2015 Bonds Official Statement for a description of the requirements imposed on each taxing authority for the determination of tax increment revenues.
- (3) Represents amount of tax increment revenue owed, based on annual taxable values in the Redevelopment Area and the tax increment payment required pursuant to the provisions of the Act. Amounts reflected do not include annual adjustments made by the City, the County or the Miami-Dade County Property Appraiser's Office, or in response to petitions filed with the Miami-Dade County Value Adjustment Board, to account for changes in appraised property values, refunds due to taxpayers, additional taxes payments required to be made or collections of delinquent taxes.

Set forth below is a table that shows the Trust Fund Revenues, debt service on the Outstanding Prior Bonds and the debt service coverage provided by the Trust Fund Revenues generated for the past ten (10) Fiscal Years.

**Historical Trust Fund Revenues,  
Debt Service on Bonds and Debt Service Coverage**

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<u>Fiscal Year Ended September 30</u>	<u>Trust Fund Revenue <sup>(1)</sup></u>	<u>Debt Service on Outstanding Prior Bonds <sup>(2)</sup></u>	<u>Debt Service Coverage on Outstanding Prior Bonds <sup>(2)</sup></u>
2008	\$ 70,096,698	\$ 8,375,554	8.37
2009	70,358,394	8,374,697	8.40
2010	72,608,937	8,393,267	8.65
2011	81,436,306	8,393,254	9.70
2012	84,406,486	8,393,816	10.06
2013	90,190,478	8,397,766	10.74
2014	36,956,562	8,398,000	4.40
2015	36,251,898	8,414,103	4.31
2016	42,216,634	16,669,815	2.53
2017	49,332,005	21,665,579	2.28

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Source: City of Miami Beach Finance Department

- (1) Reflects the amount of Trust Fund Revenues collected solely from the City and the County, which will be the only tax increment revenues available as part of the Pledged Funds securing the Series 2015 Bonds. See "SECURITY AND SOURCES OF PAYMENTS - Pledged Funds" and "TRUST FUND REVENUES - Historical Trust Fund Revenues" in the Series 2015 Bonds Official Statement.
- (2) All the Outstanding Prior Bonds have been defeased upon issuance of the Series 2015 Bonds on December 15, 2015. See "PURPOSE OF THE ISSUE - Plan of Refunding" in the Series 2015 Bonds Official Statement.

The following table sets forth the Debt Service Requirement for each Fiscal Year for the Series 2015 Bonds and any new additional debt payable from the Pledged Funds.

Fiscal Year Ending September 30	Series 2015A Bonds			Series 2015B Bonds			Total Outstanding Bonds
	Principal	Interest	Total	Principal	Interest	Total	
2016	\$ -	\$ 8,894,700.84	\$ 8,894,700.84	\$ -	\$ 680,132.66	\$ 680,132.66	\$ 9,574,833.50
2017	1,815,000.00	14,132,250.00	15,947,250.00	4,680,000.00	1,038,328.76	5,718,328.76	21,665,578.76
2018	1,885,000.00	14,058,250.00	15,943,250.00	4,785,000.00	935,672.88	5,720,672.88	21,663,922.88
2019	1,960,000.00	13,981,350.00	15,941,350.00	4,920,000.00	809,303.80	5,729,303.80	21,670,653.80
2020	2,050,000.00	13,901,150.00	15,951,150.00	5,070,000.00	661,278.10	5,731,278.10	21,682,428.10
2021	2,135,000.00	13,817,450.00	15,952,450.00	5,260,000.00	493,534.50	5,753,534.50	21,705,984.50
2022	2,215,000.00	13,730,450.00	15,945,450.00	5,460,000.00	307,164.50	5,767,164.50	21,712,614.50
2023	2,310,000.00	13,639,950.00	15,949,950.00	5,675,000.00	104,647.00	5,779,647.00	21,729,597.00
2024	7,505,000.00	13,406,125.00	20,911,125.00	-	-	-	20,911,125.00
2025	7,885,000.00	13,021,375.00	20,906,375.00	-	-	-	20,906,375.00
2026	8,290,000.00	12,617,000.00	20,907,000.00	-	-	-	20,907,000.00
2027	8,715,000.00	12,191,875.00	20,906,875.00	-	-	-	20,906,875.00
2028	9,165,000.00	11,744,875.00	20,909,875.00	-	-	-	20,909,875.00
2029	9,635,000.00	11,274,875.00	20,909,875.00	-	-	-	20,909,875.00
2030	10,130,000.00	10,780,750.00	20,910,750.00	-	-	-	20,910,750.00
2031	10,650,000.00	10,261,250.00	20,911,250.00	-	-	-	20,911,250.00
2032	11,195,000.00	9,715,125.00	20,910,125.00	-	-	-	20,910,125.00
2033	11,770,000.00	9,141,000.00	20,911,000.00	-	-	-	20,911,000.00
2034	12,370,000.00	8,537,500.00	20,907,500.00	-	-	-	20,907,500.00
2035	13,005,000.00	7,903,125.00	20,908,125.00	-	-	-	20,908,125.00
2036	13,675,000.00	7,236,125.00	20,911,125.00	-	-	-	20,911,125.00
2037	14,375,000.00	6,534,875.00	20,909,875.00	-	-	-	20,909,875.00
2038	15,110,000.00	5,797,750.00	20,907,750.00	-	-	-	20,907,750.00
2039	15,885,000.00	5,022,875.00	20,907,875.00	-	-	-	20,907,875.00
2040	16,700,000.00	4,208,250.00	20,908,250.00	-	-	-	20,908,250.00
2041	17,555,000.00	3,351,875.00	20,906,875.00	-	-	-	20,906,875.00
2042	18,455,000.00	2,451,625.00	20,906,625.00	-	-	-	20,906,625.00
2043	19,405,000.00	1,505,125.00	20,910,125.00	-	-	-	20,910,125.00
2044	20,400,000.00	510,000.00	20,910,000.00	-	-	-	20,910,000.00
Total	\$ 286,245,000.00	\$ 273,368,925.84	\$ 559,613,925.84	\$ 35,850,000.00	\$ 5,030,062.20	\$ 40,880,062.20	\$ 600,493,988.04

**Issuance of Additional Debt Payable from the Pledge Funds:**

There were no additional debt payable from the Pledged Funds incurred after the issuance of the Series 2015 Bonds on December 31, 2015 that are included in the Total Outstanding Column in the above Debt Service Schedule.